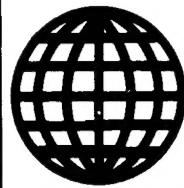


JPRS-CAR-92-025

29 APRIL 1992



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# ***JPRS Report***

## **China**

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**Comprehensive Work Method Explained**

HK1104035792 Beijing JINGJI GUANLI in Chinese  
No 1, 5 Jan 92 pp 6-11

[Article by Taiyuan Railroad Sub-Bureau Party Committee Propaganda Department: "Theory, Practice of 'Comprehensive Ideological-Political Work Method'"; edited by Liu Qichang (0491 0366 2490)]

**[Text]An Introduction to the "Comprehensive Ideological-Political Work Method"**

1. The basic meaning of the "comprehensive ideological-political work method" (hereinafter referred to as "comprehensive work method"):

It is a mode of ideological-political work whereby, under the party committee's leadership, party, administrative, trade union, and CYL organs and cadres at various levels, while fulfilling their respective priorities, duties, and responsibilities and making themselves answerable to the next higher level, will strive to fully bring into play the role of their respective systems and their overall superiority, as well as the overall function of various ideological-political work methods and educational means, to ensure and promote the development of staff and worker contingents who have lofty ideals, moral integrity, education, and a sense of discipline; develop railway transportation; invigorate the Chinese nation; and realize the four modernizations' grand objective.

2. The "comprehensive work method's" basic characteristics:

The main features of the "comprehensive work method" may be summed up as follows:

1) Full staff involvement. This means that the party committee will exercise unified leadership; and that all party, administrative, trade union, and CYL organs, from the sub-bureau down to work-team chiefs and party, trade union, and CYL group leaders, will each have their assigned duties.

2) Full course. This means that this work is conducted throughout the process of ensuring safety in transportation, whether before, during or after duty, thus giving full embodiment to the idea that ideological-political work serves safety in transportation.

3) Full content. This refers to the political-ideological education's systematic and organic nature, and mainly includes the following: take Marxism-Leninism-Mao Zedong Thought as guidance in conducting education on the party's basic line of "one center, two basic points" in an overall, correct, and persistent manner; persist in inculcating the basic theories of Marxism-Leninism and conducting education on patriotism, collectivism, plain living and hard struggle, and revolutionary traditions; persist in conducting regular education that serves safety in transportation, normative education on the railroad workers work style, as well as motivation education on the enterprising spirit, advanced models, and so on; and

persist in conducting multilevel developmental education on culture, vocational knowledge, and science and technology to improve the "four-haves" quality of staff and workers.

4) Full time. This means that work is extended beyond the eight-hour work day to off-duty life and society, with emphasis on doing a good job of work in one's unit.

The "comprehensive work method" developed by our sub-bureau has been in practice for over four years. Four years ago, after receiving important instructions from the principal leaders of the Shanxi provincial party committee on the Taiyuan Communications Section's experience, our sub-bureau party committee circulated documents to all subordinate units to popularize this experience. Reviewing the course of how the comprehensive work method made its start against the trend to "play down" politics and gradually developed and perfected itself after the Fourth Plenary Session of the 13th CPC Central Committee, we have become more sober-minded and determined in our steps. In the following paragraphs, we wish to say a few words about our understanding based on the integration of theory and practice:

**The Basics and Foundation of the Comprehensive Work Method's Birth and Development**

Practice over the past four years proves that the comprehensive work method has great vitality. Its intrinsic and decisive factors, which determine its future, is the fact that it is based on the party's basic line, meets the needs of ideological-political work and the development of enterprises, takes root among the masses, and relies on the masses.

**1. The Comprehensive Ideological-Political Work Method Theory Is Based on the Party's Basic Line**

The party's basic line fundamentally determines the enterprises' orientation, targets, tasks, and mode of ideological-political work. Thus, the party's basic line is the comprehensive work method's theoretical foundation. The party's basic line fixes the comprehensive work method's fundamental orientation and basic tasks, and the comprehensive work method broadens the means and sets the norms in practice for its subordination and service to the party's basic line. It is precisely this essential link that constitutes the comprehensive work method's vitality. The intrinsic link of the party's basic line finds specific reflection in the following three basic guiding principles for the comprehensive work method's establishment and implementation:

First, the integration of leadership by the party committee and concerted efforts and separate management by party, administrative, trade union, and CYL personnel. This is determined by the party's tasks and the enterprise's nature; it is also the pressing need of the reform and opening up policy. It answers questions of fundamental importance, such as who should lead ideological-political work in enterprises and how leadership

should be exercised. A leadership and management structure established on this basis has clearly defined functions and tasks. It provides a powerful political guarantee for upholding the four cardinal principles and persisting in enterprises' socialist orientation; it also fundamentally protects the ideological-political work's fighting power.

Second, the integration of manpower development with the production promotion, taking as its fundamental strategic task the cultivation of "four-haves" new hands. In the course of socialist modernization, we will accomplish nothing without improving the overall quality of staff and workers. Production in enterprises is the most basic practice for the tempering and development of staff and workers. The comprehensive work method, which combines the production development with manpower development and integrates the promotion of material progress with the promotion of cultural and ideological progress, is conducive to solving the chronic problem of promoting one at the expense of the other.

Third, the integration of ideological-political work with production safety to serve economic construction. In its service to "one center," ideological-political work is carried out on two levels. One is to ensure the correct orientation of enterprises and strengthen the socialist belief of the staff and workers through effective and systematic political-ideological education. It is fundamental and indirect in nature. The other is to harmonize interpersonal relations and tackle actual difficulties through an abundance of day-to-day ideological-political work to arouse the zeal and enthusiasm of the staff and workers for production. It is regular and direct in nature. The comprehensive work method combines these two tasks, taking as its basic starting point the stimulation of the enthusiasm of the staff and workers for production, and uses this to define the duties and tasks of "all personnel" so that ideological-political work is carried out side by side with safety in transport. Specific rules and regulations laid down in this connection provide the effective means of resolving the problem of "two unconnected layers of skin."

## **2. The Comprehensive Work Method Meets the Needs of the Development of Ideological-Political Work**

Ideological-political work carried out under the backdrop of the reform and opening up policy has characteristics quite different from before. These may be summed up as "urgent, difficult, and complicated." The enthusiasm of the staff and workers urgently needs to be aroused. To do this, it is necessary to address the issue of one's sense of responsibility as master of the country. The reasons for the problems are intricate and complex, and their solution involves great difficulty. Objectively, they require that ideological-political work be developed to a new stage, that is, it has to be made more scientific, systematic, and democratic. The comprehensive work method gives prominence to the idea of systematic

dialectics. It is special in that it is comprehensive, hence its basic mode of "full staff involvement, full course, full content, and full time."

The comprehensive work method's scientific nature finds concentrated expression in the fact that it is systematically carried out. It is well-integrated in that it organically groups the different levels, parts, and elements of ideological-political work in enterprises into a big system in accordance with their attributes, functions, and intrinsic links, giving prominence to the leadership of the party committee and realizing the integration of concerted efforts by the whole party and cooperation based on division of labor. In terms of educational content, it is characterized by its continuity and comprehensiveness in that it integrates directional, normative, motivational, and developmental education; and combines systematic education with everyday education. In the division of functions, it is stratified and well-structured as responsibilities and duties for specific posts are fixed in accordance with the characteristics of individual departments. It is open and adaptable to changes as it organically integrates the internal and external environment of the ideological-political work of enterprises.

## **3. The Comprehensive Work Method Sets Great Store by Modern Management**

The modernization of enterprise management is the call of the times; it is a historical inevitability. The ideological-political work's development along the normative management track is also a natural development trend, and has no other future. The basic point of integration of these two, the point of reaction of their concordance, is man. In capitalist societies, management centered on man is the cause of the popularity of behavioral science. Socialist enterprises, which have all along put great emphasis on ideological work among men, should direct more energy to the study and probing of the objects, governing laws, and methods of ideological-political work, treating this as a comprehensive science and striving to perfect it not only in theory but also in practice. The comprehensive work method is precisely the product of this general trend.

The comprehensive work method's kernel is joint force, coordination, and integration. This method probes the issue from the perspective of the leadership and management mechanisms, educational content, and the enterprises' management method of the ideological-political work; establishes a mechanism for party, administrative, trade union, and CYL personnel to work as a joint force; and maintains coordination in systems, standards, and measures. Its attempts at the integration, coordination, and synchronization of political and economic work are at once normative and innovative. The comprehensive work method is suited to the modern management trend, emphasizes the establishment and integration of hardware and software in ideological-political work, and attaches priority to the development and utilization of the "four types of software," namely compatibility,

skills, style, and spirit. Ideological-political work is organically integrated with the enterprises' production, operation, and management activities. It represents preliminary probes in bringing enterprise ideological-political work onto the track of modern management.

#### 4. The Comprehensive Work Method Gives Embodiment to the Party's Mass Line

Our cause's great strength comes from the masses of the people. In the comprehensive work method, the party's mass line finds concentrated expression in its complete faith in and reliance on the broad masses of the staff and workers in all respects, from the motivating force and object of work to method and means, software and hardware, objectives and tasks, and kernel and shell.

The comprehensive work method comes from practice by the masses, and is developed and perfected through mass activities of practice. Its overall effectiveness also lies in conscious acts of complete reliance on the masses. Its guiding ideology, which puts conspicuous stress, from the perspectives of staff composition, effect optimization, and management mechanisms, on the need for the whole party to grasp, and for everyone to take part in, ideological-political work, accords with the demand to give ideological-political work its social and mass character. It creates basic conditions for enterprise ideological-political work to shoulder increasingly more arduous and complicated tasks, and paves the way for self-education and conscious participation by the broad masses of staff and workers.

According to the comprehensive work method's provision on full-staff involvement, ideological-political work must give full expression to the party's basic work line of having faith in and relying on the masses of the people, and take the mobilization and drawing of all staff and workers to participate as its fundamental principle. While concentrating on bringing the backbone political work cadres' role into play, efforts must also be made to create a situation where everyone is the educator as well as the ones being educated, where everyone voluntarily takes part in self-education. Special stress must also be put on the need to conduct ideological-political work "before, during, and after duty"; and to form a community where all political work cadres, administrative cadres, party and CYL members, and all staff and workers share responsibility and benefits in ideological-political work.

#### The Comprehensive Work Method Advantages and Significance

"Four-fulls" is the comprehensive work method's basic characteristic. The first "full" refers to full staff involvement with leadership by the party committee, concerted efforts, separate management, and all-personnel participation as its main features. The second "full" means that ideological-political work is carried out in the entire course of ensuring safety in production and plays its role in providing service and guarantee in the whole course.

The third "full" refers to full content, with the integration of directional, normative, motivational, and developmental education. The fourth "full" refers to full time, and is characterized by its openness and radiating effect as well as attention to the shaping of internal and external environments. Its advantages and significance in practice mainly find expression in the following three aspects:

##### 1. It has an equidirectional joint force thanks to leadership by the party committee, concerted efforts, and joint management.

The failure to form a joint force, which has been a major and long-standing problem of enterprise ideological-political work, has seriously affected the ideological-political work's effectiveness. The situation in recent years has been: First, people are skeptical about the ideological-political work's position and role, and there once emerged the tendency to "downplay" its political and class nature. Second, there is wavering on the fundamental question of who should lead the work. Third, there is a lack of coordination between various types of education and activities, and a tendency to ignore long-term interests and only take immediate and short-term interests into consideration in all actions. And fourth, people are confused about their work's aims and long-term objectives, and there is a lack of equidirectional rallying force between enterprises' different departments. Internal strife and constraints have adversely affected the overall results. An important reason for these problems is that a healthy and stable operating mechanism is lacking in ideological-political work in enterprises. Without a healthy and stable operating mechanism, it is impossible to achieve harmony and high-efficiency. Without harmony and high-efficiency, it is impossible to form a joint force. Reflected in actual work, this means that despite calls for the "strengthening" of this work, forces remain dispersed and internal wastage remains serious; or, "people will rush headlong into mass action, but break up in a hubbub."

Bearing in mind the above problems, the comprehensive work method proceeds from arousing the enthusiasm of all concerned in conducting ideological-political work, bases itself on the need to maintain a stable and proper order of work as a whole, and takes the formation of an equidirectional joint force as the target. In this way, a mechanism for party, administrative, trade union, and CYL personnel to work as a joint force was initially established. Equidirection means the direction of simultaneously promoting material progress and cultural and ideological progress. A joint force is the real strength needed for all quarters and all systems to "achieve progress in both respects." Practice has enabled us to gradually understand that in the formation of the mechanism for party, administrative, trade union, and CYL personnel to work as a joint force, the key lies in "synchronization, the achievement of a proper order and harmony." It is precisely because we have paid attention

to these three key factors that a strong joint force is beginning to take shape in our ideological-political work.

**Synchronization** In the implementation of the strategic policy of simultaneously promoting material and cultural and ideological progress, ideological-political work must be synchronized and integrated with production safety and all economic work in planning, objective, management, and assessment in all spheres and at all levels.

**Proper order** This means the establishment of a proper order of ideological-political work in enterprises. The idea is to scientifically and rationally define and determine functions and responsibilities on the basis of the characteristics of different systems, levels, and posts. We have clearly laid down the duties of various systems and levels of the party, administrative organs, trade union, and CYL in our "Comprehensive Work Method Rules and Regulations," and on this basis, various units have worked out the main responsibilities of personnel at various posts. Thus, a working order with division of work, cooperation, organic links, and synchronized direction and steps has initially been established.

**Harmony** This is the key and crucial point of the mechanism for joint force. An enterprise's party organ is naturally responsible for maintaining harmony. In our "Rules and Regulations," we required party organs at various levels to play their core role in making overall macroeconomic arrangements, carrying out organizational management, and maintaining overall harmony. Practice proves that the key to harmony lies in party and administrative organs, that the party and administrative organs' core lies in their leadership hierarchy, and that the leadership hierarchy mainly concerns itself with achieving consensus and better understanding. With this in mind, we have established relevant systems that are conducive to achieving consensus and better understanding. This has been instrumental to the mobilization of the enthusiasm of all quarters and the formation of a strong joint force.

## 2. It has real management effectiveness thanks to level-by-level responsibility and the coordination of hardware and software.

Ideological-political work in enterprises is the common cause of the vast numbers of staff and workers. Conscious mass activities must be organized and should follow a well-managed course. The comprehensive work method has three major pillars: First, a management system with party organs at various levels as the nuclei, with decentralized control and level-by-level responsibility by party, administrative, trade union, and CYL organs. Second, a responsibility system which mainly outlines the specific ideological-political work responsibilities of various types of cadres at various levels, "four leaders" (referring to party, union, and CYL group leaders and team leaders), and personnel at key production posts. Third, a supervisory and guarantee system which is composed of such relevant systems as two-way

communications, assessment, examination, checkup, and comparison. These three pillars' integration constitute the comprehensive work method's management mode. In practice, we have paid special attention to level-by-level responsibility and the coordination of hard and soft measures, thereby doing a good job of bringing into play the comprehensive mode's management role.

Give expression to the principle of separate management and ensure level-by-level responsibility. Concurred efforts by the whole party and separate management are a dialectical unity pair. Our "Rules and Regulations" have clearly defined the responsibilities of various systems. Besides performing their tasks, they are also responsible for their respective systems' organizational management. With level-by-level management from top to bottom, and level-by-level responsibility from bottom to top, we have formed a management network and entity. By tapping the potential of all quarters in conducting ideological work in this way, it is possible to bring the advantages of various systems into play, and bring about stable and effective management with good overall order, mutually complementary advantages, and optimized effects.

Uphold the principle of coordination and ensure the development of fundamental hardware and software. Based on actual needs, we studied the leadership system and management mechanism, division of responsibility and basic systems, effect estimation and assessment of ideological-political work, and consolidated the findings in the form of "Rules and Regulations." At the same time, we also established and strengthened spare-time party schools and political schools for staff and workers, and organized the sub-bureau's spare-time lecturing group for theoretical education. Some primary units also established cultural and technical schools for staff and workers. These have become the comprehensive work method's basic components.

## 3. It has an integral function thanks to the promotion of material progress, cultural and ideological progress, and overall development.

The comprehensive work method has obvious integral characteristics. This idea of integral development is not only the manifestation of the party's basic line, but is the actualization of the principle and objective of persisting in promoting material and cultural and ideological progress at the same time and striving to improve the overall quality of the staff and workers by raising their ideological, moral, scientific, and cultural standards. It is also a reflection of the changes in the thinking and behavior of the staff and workers under conditions of the commodity economy brought on by the reform and opening up policy, and is something determined by the railroad industry's characteristics. Railway transportation involves meticulous division of work and strong links. Places, personnel, and operations are highly dispersed; while operational management and direction are highly centralized. Railway transportation is itself an integral linkage system. Thus, grasping the integral

development of ideological-political work is the inexorable trend and pressing task for strengthening and improving our work. It is also a basic concept for our establishment of a comprehensive mode.

**1. Grasp ideological development to get the concept right.**

To fully bring out the comprehensive work method's overall effects, personnel engaged in all types of work must take up their respective posts and do their work right. To do this, they must first of all get their concept right. Over the years, bearing firmly in mind the central issue of getting the concept right, we unfolded propaganda and education against onslaughts and interference at different stages, thereby maintaining a relatively stable political and media environment in the overall situation. Before the Fourth Plenary Session of the 13th CPC Central Committee, we concentrated on helping political work cadres cope with the idea of "changing profession and stepping down from office" and helping administrative cadres overcome their fear of difficulties and "the idea of extra burdens." After the Fourth Plenary Session, we concentrated on tackling some administrative cadres' ideological problems, such as the question of "accounting for declines," and helped the vast numbers of full- and part-time political work cadres to gradually unify their thinking and understanding in line with the Central Committee's guideline. Through our efforts to reunderstand enterprise ideological-political work and establish the following four concepts, we have gradually put our understanding on the right track. The first of these concepts is that ideological-political work must be grasped by the whole party and must have the participation of all personnel. This concept has helped establish the party committee's leading position in matters of politics. The second concept is that we must give prominence to party spirit and politics and integrate systematic political education with day-to-day ideological work. The third concept is that ideological-political work must be incorporated into management and that various systems must maintain overall harmony and coordination on the basis of each assuming one's own responsibility and doing one's best. The fourth concept is that ideological-political work is the basic duty of all cadres at all levels and of party and CYL members, and that it is a dereliction of duty not to attach importance to it or not to do it. Thus, we have arrived at a consensus on the comprehensive work method's promotion and deepening, and prepared the necessary ideological conditions for maintaining an overall harmony in this work.

**2. Grasp institutional development to get work on the right track.**

The comprehensive work method stipulates from different angles what organs at different levels and personnel at different posts should do, how far they should go, what principles they should grasp, and what effects they should strive to achieve. It is the code of conduct for organs at various levels and for individuals. The process of the comprehensive work method's development is also the process of institutional development. Based on

the guiding ideology of "proceeding from bottom to top and from the easy to the difficult, tackling the key problems, and gradually achieving coordination," we have taken three steps in institutional development and made breakthroughs in three difficult problems. At present, we have initially achieved coordination and are beginning to achieve overall effects.

Institutional development started from fixing the main duties of ideological-political work for personnel at each post. In this stage, prominence was given to the principle of "all-personnel involvement, devising measures according to post, and making the measures simple and easy to implement." While fixing job responsibilities for administrative cadres, departments in charge of relations between the party and the masses summed up experience in work and had the specific responsibilities written down in the form of provisions. The foundation for all-personnel participation and overall harmony was laid when the main duties were laid down. Meanwhile, an initial system for keeping records and carrying out inspection was established. The second stage was the stage of borrowing from the others' experience, making innovations, and letting a hundred schools of thought contend. The Taiyuan Communications Section's experience was popularized in the whole sub-bureau and gradually aroused different units' attention. In the light of the actual situation in their respective units and practical needs, these units developed systems with individual characteristics. They conducted explorative practice in management, operation, assessment, supervision, and other comprehensive work method aspects, and laid the foundation for the formation of a comprehensive mode for the whole sub-bureau. In the third stage, the "Comprehensive Work Method Rules and Regulations" were laid down, suggesting that the comprehensive work method had entered a new stage of overall coordination.

In institutional development, we realized that the most difficult aspects were "structure, integration, and assessment." Only when we have made breakthroughs in these three difficult aspects can the best overall harmony be maintained. By structure, we mainly refer to the development of a situation where all units exert in their separate areas of responsibility under the party committee's leadership. This is not a new invention, just the stipulation, in more explicit terms, of the previous system's parts or methods that are more scientific and rational. However, without the consensus of the principal party and administrative leaders, without proper ideological preparation on the part of all personnel, and without the norm provided by relevant systems, this cannot be done. The institutionalization of the integration of ideological-political work and safety in transportation is a difficult task as well as a basic principle in our institutional development. On the assessment question, we should mainly uphold the principle of synchronization; pay attention to the establishment of internal mechanisms of stimulation and constraint; establish corresponding systems for two-way links, step-by-step

assessment, regular comparison, and staff management and utilization; and gradually head toward integrated coordination.

### **3. Grasp manpower development and raise the overall work standard.**

The overall quality of full- and part-time ideological-political personnel is an important factor in controlling the comprehensive work method's overall function. In this connection, whether or not the administrative cadres and team leaders can do their work right at their respective posts is a key factor that affects the contingent's overall standard. Over the past years, we have paid special attention to the cultivation and education of part-time cadres while stepping up the education and training of full-time cadres. The following are four main forms of education: First, we relied on media guidance to create a general atmosphere of total involvement by the whole party and by all personnel. In particular, through the use of negative examples, we tried to sum up the profound lesson of playing down ideological-political work to cultivate in them a sense of political responsibility in doing a good job of ideological-political work and a sense of urgency in doing the work right at their respective posts. Second, we relied on theoretical discussions to help broaden their vistas and ways of thinking. Through such means as seminars, we tried to explore ways and means of combining the comprehensive work method's theory and practice to gradually deepen their understanding of this method. Third, we relied on training courses to raise their professional standards. In systematic training, we put the weight on team leaders and required them to take part in regular off-the-job training. This effectively resolved the problem where some administrative cadres and team leaders were poor in professional quality and did not know how to conduct ideological-political work even though they wanted to. Fourth, we summed up experience with a view to extensively popularizing useful experience and improving standards. Based on actual needs, six sub-bureau level meetings were held in recent years for the exchange of experience in different stages of comprehensive work method promotion. At present, it has become a common practice for the administrative cadres and the staff and workers of the sub-bureau to take part in ideological-political work as masters of the country.

#### **Cui Jian Said 'Down But Not Dead'**

*92CM0157B Beijing DAXUESHENG [UNIVERSITY STUDENTS] in Chinese No 12, 10 Dec 91 p 13*

[Article by Guang Zi [1639 1311]: "Cui Jian (1508 0256) Down But Not Dead"]

[Text] A few days ago, at an art festival, "usually invisible" Cui Jian has again made a "most gracious" appearance.

As usual, there were the sound waves that pierced the sky; as usual there was the feet-stamping and chest-pounding crowd, as usual there was the alert and forbidding police detachment, but what was not usual was Cui Jian shouting himself hoarse, asking his audience for "emotions."

It is with emotions that Cui Jian excels in his rock and roll on the musical stage. To maintain freshness and enchantment of these emotions, he appears as little as possible before large crowds and by means of protracted "abstinence" he adds to the mad excitement at times of "emotional release." But this time he suffered a defeat.

The audience, which patiently waited for one hour during a noisy adjustment of sounds, saw Cui Jian ostentatiously walk up and down, as if he was looking for a new "basis of operation." Finally, he stepped on the stage, and as he could open his mouth, he shouted out a woeful "give me emotions."

The audience swarmed forward, gesticulating and jumping about, the air was immediately filled with an earth-shaking noise, they seemed oblivious to the world and to themselves, that seems to have really brought on "emotions." But after two songs, the enthusiasm in front of the stage died down by itself. Cui Jian had produced no new tricks. Even when he greeted the audience with his celebrated "Eh, How Are You?" and "What Is It?" they seemed like a tape from three years ago. If one were really to point out something that was different from the past, it was the "tempestuous storm" of the accompanying instruments, which gave the impression of bluff and bluster and a lack of self-confidence. The songs sounded even more pitiful and despairing. The "howl of a wounded wolf in the wilderness" was like the cheap sale of anguish.

Cui Jian's songs had of course also in the past been full of anguish, but it had been a kind of anguish of the strong, the anguish that cried out and expressed scorn for pain and suffering, expressed a combative outlook on life, a spirit of the time that was natural and unrestrained, but also well-controlled, that was the only reason why the mass of our youths adored it. In the process of crying out his pain and suffering, however, Cui Jian seems to have found a kind of musical interest, a "lake of honey" from which he cannot extract himself, in which he immersed himself deeply, with the apparent intention of remaining in that whirlpool forever, stretching out a despairing hand and letting out a sorrowful howl. At the end of many words he adds a wailing tone, and this, with the added purposely unharmonious sound of the string instrument, plays up even more a kind of fin-de-siecle atmosphere which no medicine can heal.

This atmosphere is restricted only to the stage, however, as most of those below the stage are not touched by it. They don't care the least for that kind of "anguish" but are rather doing their utmost to pursue and catch happiness. Couple after couple get up and begin to swirl

around in a crazy way according to the beat of the drum, and in a moment young men and women dance around in a happy crowd. There is the pitiful howling on stage, and there is happy laughter below the stage. The famous king of rock-and-roll has become a street-singer and dance accompanist. At the end of each song, people politely applaud. Especially the foreigners show even less that this concert is anything to be taken seriously. Some are dancing around with whiskey in their hands, and one had even brought out his own concertina. On stage it is a big show, while below the stage, it is a small show in a light vein. This situation and this scene has people really pitying Cui Jian. After finishing a song, he asks in a grand gesture: "Was it good?" whereupon the crowd shouts: "Good! Good!" Then there is a single moth darting about under the bright light, as if God had sent down a derisive laughter.

After the new songs, there came the old songs: "The last gun, the last gun." Cui Jian sings much like a hero in traditional movies who is slowly dying after being shot.

A sound fades away in the evening breeze: Cui Jian has ended his concert!

He may still occasionally make a "most gracious" appearance, he may also come out with a few more new songs, but Cui Jian is Cui Jian. He is already done with singing the sorrowful fate of people. People seem now to be conscious that one must no more eulogize pain and suffering and keep on lamenting. One must turn grief into strength, and for the time being, forget the "false wandering monk" who has no possessions at all, but instead would seek out "a piece of red cloth" on the road of building the new Great Wall.

Therefore, no matter whether our view is that Cui Jian's spirit will not die because he will go down as a name in the history of rock-and-roll music, or whether we see Cui Jian's life as an artist that is close to his end and that he is merely suffering his last death throes, we can always say that today's Cui Jian is already a hero in his declining years, that he is on his last leg but is not yet quite dead.

#### **Human Rights Theory Described in Book Review**

92CM0221A Shanghai HUADONG SHIFAN DAXUE XUEBAO [JOURNAL OF EAST CHINA NORMAL UNIVERSITY] in Chinese No 1, 15 Jan 92 pp 9-10, 17

[Article by Shang Xiaocai (0794 1321 2088): "A Comprehensive Study and Reflection on the Theory of 'Human Rights'—Reading Ye Lixuan's (0673 4539 3551) 'On Human Rights'" ]

[Text] In the past few years, the "human rights" issue has become a hot subject discussed by people all over the world. Especially between the spring and summer of 1989, during the political disturbance in China, "human rights" actually became a banner and a programmatic slogan for the plotters and organizers of the turmoil. Since the rebellion was put down by our party, some people in Western countries have vainly attempted to

interfere in China's internal affairs in the name of human rights, and the "human rights" issue has become a matter of general concern among the Chinese people. However, because China has been for a long time under the influence of "leftist" thinking, there is a lack of systematic and penetrating study on the "human rights" issue, and, as a result, many theoretical questions about "human rights" have not been answered clearly. Therefore, an important task in China today is to make a scientific analysis of "human rights" with rational thinking and from a legal viewpoint, to elucidate the basic attitude and viewpoint of Marxists on the "human rights" issue and expose the evil conspiracy of hostile forces at home and abroad, using "human rights" as their cover. The new book, *On Human Rights* written by comrades Ye Lixuan and Li Sizhen [2621 0138 2791] (published by the Fujian People's Publishing House in June 1991), is a theoretical monograph on "human rights", a rare book of considerable academic value in the field of philosophy and political science in China.

The academic work *On Human Rights* is most commendable in that it comprehensively and systematically studies the general history of the development of "human rights" and elucidates the basic attitude and viewpoint that Marxists should have on the "human rights" issue. The series of fairly comprehensive objective analyses based on a full range of accurate data by the writers of this book have enlightened me and enabled me to understand more clearly some basic theoretical questions about "human rights."

The writers hold that "human rights" are products of history, brought up first by the bourgeoisie. That tallies with historical facts. Under feudal autocratic rule, feudalistic special privileges held sway. To consolidate feudal rule and protect feudalistic special privileges, landlord-class thinkers preached the theory that "monarchical power is divine." During the period of the European bourgeois revolution, to oppose the feudalistic special privileges, bourgeois thinkers put forward the "theory of natural rights" and argued that "the people's rights" were "supreme" and that "the people's rights were equal to the king's rights." French thinker Jean Jacques Rousseau said more clearly: "Men are born free, but they are in chains everywhere." "Every man is born free and equal." "Giving up one's own freedom is giving up one's own status and rights as a man." Because of the bourgeois thinkers' expounding and advocating of the human rights theory, the viewpoint has spread and produced quite an impact. It should be affirmed that the bourgeois "human rights" theory has played a tremendous revolutionary role in opposing feudal autocracy and feudalistic special privileges, but it also has its idealistic and hypocritical limitations.

After the establishment of bourgeois political power, "human rights" became an important bourgeois legislative principle. The provisions on human rights in the constitution of bourgeois countries are the crystallization of the human rights theory advocated by bourgeois

thinkers. "Human rights" first became a bourgeois legislative principle in England. In 1676, the Whig Party made the Parliament pass the "Law for the Protection of the Person"; in 1689, the Parliament adopted the "Bill of Rights"; and several more laws were passed soon afterwards, thereby establishing the constitutional monarchy in England. This established the ruling power of the bourgeoisie by law and gave legal force to the bourgeois human rights theory. In July 1776, the Continental Congress of the United States adopted the "Declaration of Independence" drafted by Thomas Jefferson, a leader of the bourgeois democrats. The "Declaration" clearly set forth a series of bourgeois "human rights" principles, including the rights of men to life, liberty, and the pursuit of happiness, endowed by their Creator, and thus "human rights" became the bourgeoisie's political program. In September 1789, the U.S. Congress adopted the first 10 amendments to the Constitution, introduced by Jefferson and others and generally known as the "Bill of Rights," which became effective in 1791, thereby putting "human rights" into the Constitution. In August 1789, the Constitutional Assembly of France, controlled mainly by representatives of the big bourgeoisie and the liberal aristocracy, adopted the "Declaration of the Rights of Man and of the Citizen," a programmatic document which opposes the feudal autocratic system, advocates human rights and rule by law, and protects the dominant position of the bourgeoisie and private property. It has become the Preamble to the French Constitution. It clearly points out that men are born and will always be free and equal; that the law is a manifestation of public will, and all men are equal before the law; that private property is sacred and inviolable; and that every citizen has the freedoms of speech, writing, publication, and so forth. The real purpose of the bourgeoisie in codifying human rights is to protect its own special privileges with bourgeois laws.

For more than 300 years, the bourgeoisie had regarded "human rights" as a country's internal ideological and legislative principle. However, during World War II, particularly because the inhuman atrocities committed by fascist countries like Germany, Italy, and Japan brought unprecedented disasters to mankind and aroused strong righteous indignation among the people of all countries, the protection of human rights became a universal demand. Since then, "human rights" has also become a tool for modern international political struggles. The writers of *On Human Rights* have also analyzed international human rights from different angles. In 1942, 26 countries, then at war with Germany, Italy, and Japan, signed the "Declaration of the United Nations" in Washington, pointing out that the signatories "firmly believe that total victory over the enemies is absolutely necessary for the protection of lives, liberty, independence, and religious freedom and for the preservation of human rights and justice not only in their own but also in other countries." In 1945, the United Nations was formally established and adopted the "Charter of the United Nations." The "Charter" has 111 articles, in which the "human rights" question is mentioned in

seven places. It points out: "The purposes of the United Nations are: To achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion." In January 1947, the United Nations Commission on Human Rights was formally established, and the "Universal Declaration of Human Rights" was adopted in 1948. The basic idea of this declaration remained the "theory of natural rights," maintaining that all men are born free. However, the main content of the declaration reflected to a certain degree the postwar aspiration of the people of all countries, who opposed war and demanded peace, democracy, and protection for their social and economic rights. It was a protest against the ruthless crimes committed by the Fascists in murdering masses of people. Therefore, it had a progressive meaning and produced a great impact on the world. After World War II, the Third World grew constantly in strength. These countries made reasonable new demands on the human rights issue. In 1966, the United Nations General Assembly adopted the "Covenant of Human Rights." It marked an important victory of Third World countries in their struggle against imperialism. It not only opposes imperialist aggression and plunder of the Third World, but also clearly spells out the right of nations to self-determination and other related rights. Therefore, the "Covenant of Human Rights" is more progressive and of greater positive significance in opposing imperialism, colonialism, and hegemonism than the "Universal Declaration of Human Rights."

"Human rights" are the bourgeoisie's weapon to fight against feudalistic special privileges, its legislative principle, and a means of modern international political struggle. What, then, is the concrete Marxist attitude toward human rights? The writers of *On Human Rights* hold that in expounding the communist theoretical system, classical Marxist writers had on the one hand correctly analyzed and appraised the bourgeois human rights theory and legal principle and on the other hand also expounded their own human rights theory. That is correct.

Marxism holds that "human rights" are specific, changing, and developing, and not abstract and immutable. This is an important distinction between the Marxist concept and the bourgeois concept of human rights. Marxists oppose talking about human rights in abstract, general terms. The real issue is: what "human rights" to talk about, whose "human rights" to defend, and which class' "human rights" to protect? Bourgeois "human rights" are in essence meant to protect the private ownership of the means of production and the fundamental interests of the bourgeoisie. Marx said: "The most important human right for the bourgeoisie is to equally exploit the labor force." (*Capital*, Vol 1, p 324)

Marxism holds that "human rights" should be restricted by social and economic structures and the state of

political and cultural development. "Rights can never go beyond the economic structure of society and the cultural development of society, which is restricted by economic structure." (*Selected Works of Marx and Engels*, Vol 3, p 12) In other words, "human rights" are given not by nature, but by the mode of social production. People's right to work, rest, speech, publish, assemble, and so forth are all subjected to the limitations of available material conditions. At present, the degree to which "human rights" have been achieved in China falls far short of what is called for by the nature of the socialist system, and this is an objective fact. This is caused partly by our mistakes in work, but the more important reason is the economic and cultural backwardness of our country in the present stage, which hinders the full realization of "human rights." In China, tens of millions of people are still in poverty, and there are still as many as 240 million who are illiterate and semi-literate. Under the circumstances, it is unrealistic to make idealized "human rights" our immediate goal. We should view full realization of "human rights" as a process of synchronized economic and cultural development, and should not make any unrealistic promises.

Marxism also holds that socialist human rights contains the unity of democracy and dictatorship, democracy and the legal system, democracy and centralism, and rights and responsibilities. In our socialist country, to enjoy real rights, an individual must uphold the party's four cardinal principles and bear responsibility for the consequence of his actions. Socialist laws not only protect but also set limits to human rights. The behavior of those who consider themselves "special," who have no respect for law and discipline, and who think they have the right to do anything without restriction, regardless of the consequences, is a manifestation of extreme anarchism and a real "violation of human rights."

Chinese Communists are the true defenders of human rights. The basic call of the proletariat is to eliminate class exploitation and class oppression so that the masses of the working people can enjoy the right to own and control their means of production. We Chinese Communists have always adhered to the Marxist principle on "human rights." From the day the CPC was founded, we have declared that we would eliminate exploitation, classes, and would fight for the realization of communism. Now we have fought for more than 70 years for the right of the masses of working people to own and control the means of production.

In as early as the period of the democratic revolution, to lead the people of the whole country in overthrowing the "three big mountains," the Chinese Communists represented by Mao Zedong published a series of articles, speeches, and regulations on the protection of "human rights," which played an extremely important role in exposing the brutal crimes committed by Japanese imperialists and Kuomintang reactionaries, educating the people of the whole country to unite and fight against Japanese aggression, overthrowing the Kuomintang reactionaries, and liberating all of China.

Under the leadership of the CPC, the Chinese people, after 28 years of bloody struggle, overthrew the "three big mountains" which weighed on their backs and freed themselves from the miserable life in which they were treated as beasts of burden. The Chinese people stood up and could feel proud of themselves. Our nation was no longer subject to humiliation by others. Since nationwide liberation, the Chinese people have become the masters of the country, taken hold of state power, and really achieved rights as human beings. Since the founding of the People's Republic of China, our party and government have always paid attention to the "human rights" question. Internationally our party and government have always supported the work and efforts of the United Nations to defend human rights, joined seven international pacts on human rights, and actively fulfilled obligations. Domestically the Chinese people, under the leadership of the CPC, have embarked on the socialist road, which is the basic precondition for the achievement of individual and collective "human rights." The Constitution and laws enacted in China have provided effective protection of the citizens' freedom in political, economic, cultural, and educational fields, freedom of religious belief, and freedom of person and for the basic rights of women, children, old people, and others in society. To be sure, legal protection for citizens is still imperfect in China, and there are still problems in defending human rights. Particularly during the "cultural revolution," some abnormal situations occurred, leaving some extremely serious lessons for us to learn. Since the Third Plenary Session of the 11th CPC Central Committee, our party has reaffirmed and restored the ideological line of seeking truth from facts; redressed all the past cases in which people were framed, falsely charged, and wrongly sentenced; strived to improve socialist democracy and the legal system; and changed the abnormal situations of the "cultural revolution." Especially since our party put forward the great goals of the four modernizations, we have adhered to the four cardinal principles and the policies of reform and opening to the outside world and brought into fuller play the inherent superiority of the socialist system, thus basically providing greater protection for the basic rights of our citizens.

The CPC is the party representing the fundamental interests of the masses of working people of the proletariat, the true defender of human rights. In the past few years, hostile forces at home and abroad have clamored for "establishing a free and open political system that protects basic human rights" in China. Their evil purpose is to overthrow the CPC leadership and change our socialist system. Comrade Deng Xiaoping pointed out sharply: "What are human rights? For how many people? Human rights for the majority, or the minority, or all of the people? The so-called 'human rights' of the Western world and what we call human rights are two different things. The viewpoints are different." This is not only a brilliant summary of the Marxist concept of human rights, but also a forceful refutation of the bourgeois concept of human rights. We should use the Marxist

theory of human rights as our weapon to expose the evil scheme of the reactionary forces at home and abroad to create disturbances, attack the Communist Party, and oppose socialism in the name of "human rights."

### Deng Liqun Lauds Chen Yun as Model

92P30087A Beijing CHEN YUN YU XIN ZHONGGUO JINGJI JIANSHE [Chen Yun and Economic Construction in the New China] May 91 pp 1-12

[Article by Deng Liqun: "Chen Yun is the Model for Seeking Truth From Facts"; from the book CHEN YUN YU XIN ZHONGGUO JINGJI JIANSHE]

[Text] Chen Yun Is the Model for Seeking Truth From Facts

(Footnote: This is part of a published work for internal distribution titled "Study Comrade Chen Yun in Doing Economic Work," which is the revised text of a speech given in 1980 at the CPC Central Party School. This present version was greatly abridged and revised by the author.)

Comrade Chen Yun's essay "On More Comprehensive Understanding" is devoted entirely to methods of thinking, that is, it deals with "comprehensive thinking, comparative thinking and repeated rethinking," these six words. Comrade Chen Yun talked about this at Yan'an, just what does he mean? Comrade Chen Yun explained what he means in this very article. At a Central Work Conference in December 1978 Comrade Chen Yun further explained these six words. He said: "By 'comprehensive thinking' I mean that one must look not only at the front of a thing, but also at the back side of it; you must not only listen to the ideas pro, but also listen to the ideas con. As to 'comparative thinking,' for one it is comparison of right and left, such as Chairman Mao did in considering protracted warfare: he compared the situation of China and Japan, and he opposed both the theory of quick victory and the theory of capitulation, and his correct conclusion was the idea of protracted war. Secondly, it is the comparison of what comes before and what follows after, as Chairman Mao did in his talk on the united front, wherein he compared Chen Duxiu and Wang Ming, and whether they should only unite and not fight, or whether they should only fight and not unite and the correct conclusion was to both unite and fight. By 'repeated rethinking' I mean that after a situation is initially decided, one should still go over it again, think it over, listen to different opinions. Even if there are no differing opinions, one should still try to imagine the possible opposing ideas. We carry out repeated experiments in order to clearly understand a situation and in order to do the work right." Thus Comrade Chen Yun, in clear and simple language, penetratingly explained the dialectics of understanding.

Comrade Chen Yun says that when he was at Yan'an and heard Chairman Mao's reports on rectification, watched Comrade Mao Zedong propose the slogan "seek truth from facts" to the party school, he often rethought the

problem of how to accomplish this seeking truth from facts. In addition to the six words "comprehensive thinking, comparative thinking and repeated rethinking," he came up with three other concepts: "not only from above, not only from books, but only from facts." These few words incisively expressed the scientific attitude of basing everything upon reality.

By "not only from above" we of course are not saying that one should not study directives from higher levels, or not carry them out, but rather that whenever a lower level comrade receives instructions from a higher level, he should always consider how to accommodate this to the actual situation in the process of thoroughly implementing it, and not just mechanically comply like some sort of relay.

By "not only from books" we of course do not mean to not read books. During the Yan'an period there were two study groups which were maintained throughout the period and one of these was Comrade Chen Yun's study group. This small group earnestly studied "The Complete Works of Marks and Engels." During the "Great Cultural Revolution" Comrade Chen Yun read the three volume edition of "Das Kapital" three times. I myself heard him say that in the following several years he repeatedly read the works of Lenin written after the October Revolution starting with volume 26 of "The Complete Works of Lenin." Comrade Chen Yun has consistently urged serious reading of books, and does so himself avidly. When he says "not only from books" he is not saying to not read books, but is saying that when reading books one must earnestly grasp the essential spirit, combine it with reality, see what is suitable and what is unsuitable. Comrade Chen Yun says that in the various volumes of Lenin's works written after the October Revolution, he pays strictest attention to how Lenin carried out democratic centralism, how he maintained the democratic work style, and guaranteed the normal democratic life within the party. While he is reading books, he earnestly summarizes our party's experiences, compares them with the errors committed by Comrade Mao Zedong and the harm done during the "Great Cultural Revolution," and says that one of the most important things is that the system of democratic centralism was destroyed, and, one could say, democracy within the party ceased to exist. After the crushing of the "gang of four," he telephoned Comrade [Li] Xiannian, in fact, wrote a note to comrade Xiannian, saying that he was placing his hopes in the new Center, that they would truly realize what Comrade Mao Zedong called the political situation which was both centralized and democratic, both disciplined and free, having unity of will while individuals are vigorously active with their minds set at ease. He said that this is the greatest problem, and if our Chinese Communist Party could effect such a political situation, then our contribution to the international communist movement would be incalculable.

As far as "but only from facts" is concerned, it means to seek truth from facts. Lenin said: "One's viewpoint in life and in practice should be the fundamental viewpoint

of the primacy of the theory of knowledge." To persist in seeking truth from facts means to persist in materialism. In 1977 on the first anniversary of Comrade Mao Zedong's death, Comrade Chen Yun wrote a eulogy, and the subject was seeking truth from facts. In this article he elaborated on the principle of seeking truth from facts as advocated and implemented by Comrade Mao Zedong, and, actually, also criticized the erroneous viewpoint of the "two whatevers." I suggest that when you comrades summarize and study Comrade Chen Yun's works, you also study this article.

The three concepts of "not only from above, not only from books, but only from facts" and the six words "comprehensive thinking, comparative thinking and repeated rethinking," are not really difficult to understand, the problem is that they are difficult to implement. When Comrade Chen Yun chairs a meeting, be it a small meeting or a large conference, he often states: We are now going to be discussing problems and all sorts of opinions can be expressed, erroneous opinions may also be forthrightly expressed, leftist ideas as far left as leftist adventurism and rightist ideas as far right as right leaning opportunism can all be expressed, and no charge will be made in your personal records, for none of this is considered error, we are only discussing problems! We cannot limit the discussion to correct opinions because you have not yet made any decisions as to what is correct, what is incorrect, nothing has yet been argued to clarity. If we say that only correct ideas can be expressed, then the problem cannot be discussed in depth, all types of ideas will be unexpressable, our thinking will be restricted and our minds shut down.

When discussing a question, Comrade Chen Yun's habitual method was, even if he had an opinion, to not be the first to express himself, but rather to induce the other comrades to talk of their various ideas, especially to consciously induce the other comrades to refute, to criticize the ideas he had already formed in his mind, to attack them from this side and from that. The outcome of such a tack quite possibly was that the incompletely worked out parts of the original idea which had not been considered would be filled in, some of the incorrect parts of the idea would be refuted, and so they could be discarded with resolve. When talking about commercial work Comrade Chen Yun said: "How about giving it a good dressing down daily? I see nothing wrong with that. I am not advocating that we commit errors, but am saying by taking a scolding we can heighten our vigilance and in this way discover errors in our work and thus correct them—how can this be a bad thing? We should welcome the masses in making more suggestions—their suggestions are evaluations of the good and bad aspects of our work." He also said: "If the moment one makes an error someone else gets on him, then it is easy to make corrections. If every day everyone cheers you on, then it is easy to make big mistakes." Even though Comrade Chen Yun was talking about economic work here, his words contain a incisive dialectic truth which has universal significance.

There is yet another line, one that Comrade Mao Zedong talked about but which Comrade Chen Yun expressed best, and that is, when discussing a question and when trying to decide an issue, one should fully evaluate the worst case scenario, the most difficult aspect of the situation. When you have considered the worst possibilities, then you have ample spiritual preparation. If the most difficult aspects do not happen, then all is well; but if this greatest difficulty does occur, you are already mentally prepared for it, and have means to deal with it, and won't be panicked by it.

During the 1950's when Comrade Chen Yun was in charge of economic work, there were some comrades in the Ministry of Foreign Trade and the Ministry of Commerce who were not genuinely on board with policy. They did not totally agree with Comrade Chen Yun's correct ideas; the decisions made were clear-cut, but the implementation did not correspond to the decision and as a result errors were committed, losses incurred. At this point some of the comrades said: You've made these mistakes because you did not obey Comrade Chen Yun, you did not do things in accordance with the decisions made by Comrade Chen Yun, you are opposing Comrade Chen Yun! This also points up one of the continuing bad habits in our party, and that is when someone commits an error it immediately follows that the most important element of the errors was that you openly or secretly, face to face or behind the back opposed Comrade So And So. Comrade Chen Yun says that right and wrong must be clearly defined, but to say that these comrades were in opposition to him, this was something he never sensed. He did not agree with this type of criticism of these comrades and was even less agreeable to having it entered in their records that they were in opposition to him. Comrade Chen Yun has consistently had this attitude toward other comrades. Whenever discussing a comrade's errors, he would also offer criticism, but he was wont to say that one should not lightly say that another opposed this or opposed that, that this one opposed the party and that one opposed socialism—comrades! it is enough to just clarify what was right and what was wrong.

When we compare our own work with "the six words" and "the three concepts" which Comrade Chen Yun talked about, we find great discrepancies. Comrade Chen Yun is certainly a model for us, not only a model for us in his ways of thinking, but in his morals, his heart, and in his attitude towards comrades who have committed errors he is also a model for each one of us. There are some comrades in our party who are narrow minded, close-minded, ossified in their thinking, who cannot get anything into their heads. It is not just when his ideas are correct and another opposes him that this comrade wants to rectify him, but also when his ideas are wrong and his critic's ideas are correct, this comrade will harbour bitter resentment and always seek an opportunity to retaliate in revenge. It was during the "Great Cultural Revolution" that this despicable work style reached a peak. Even up to the present time, one of the

abnormal consequences in our party's democratic life is the fact that because you criticized me, or I criticized you, we keep brooding over it, and cannot achieve mutual trust; this is a tremendous obstacle to party unity.

The reason that Comrade Chen Yun is able to become our model for seeking truth from facts is that whenever he is handling a problem, he carries out honest and comprehensive investigation and research. Engels has said: "Principles are not the starting point of research, but are the end result; these principles were not applied to the natural world or human history, but rather were abstracted from out of these things; it is not that nature and human history try to comply with the principles, but rather that principles are correct when they conform with the situation in the natural world and in history; this is the sole materialistic viewpoint of things." If we abandon investigation and research, and all we do is repeat "seek truth from fact" a thousand times or ten thousand times, we will never be able to really seek truth from the facts. In this article Comrade Chen Yun has a paragraph which we would do well to memorize; but it is not enough to just memorize it, but we must really and truly act according to it. What he says has the absolutely greatest relevance to us as individuals, to the work style of the entire party, to the success or failure of the task of construction. His words are: "In our work, we should use over 90 percent of our time in studying the situation, and use less than 10 percent of our time in deciding policies. All correct policies are the result of the scientific analysis of actual conditions. Some comrades do just the opposite of this, spend their days in deciding this or deciding that, and do very little investigation of the actual conditions. This way of working has got to change. We must see that one-sidedness always comes from being busy with making decisions and not studying the actual conditions." Don't we often do it this way? A lot of people hold meetings all day long, deciding this, deciding that, doing very little investigation or research into actual conditions, spend 100 percent of the time deciding policy, and about zero time doing research and investigation. If this is not subjectivism, is not idealism, then what is it? Can policies decided in this manner be correct? We commonly are in a rush to make a decision. If the situation is not clear, then don't make a decision. Why the rush?

At this point I would like to brief you comrades on how Comrade Chen Yun does his investigation and research work, and fill you in on some of the things I know about.

First I would like to talk about the three investigation reports on Qingpu Village. At that time Comrade Chen Yun was a member of the Political Bureau and deputy chairman of the Party Central Committee. You will see, comrades, how Comrade Chen Yun does rural village investigations. Some of our comrades engaged in leadership work, are they more painstaking in their investigations, or are they more crude and careless? We won't even mention those comrades who do not do any investigation or research.

The Qingpu investigation covered three questions. The first was whether or not to allow the peasants to raise sows, the second was whether it was better to plant double crop rice or broad beans and single crop rice; the third was to allocate adequate amounts of land for private plots in accordance with Central Directives. One of the decisions was to allow the peasants to raise sows. After Comrade Chen Yun investigated 10 out of 15 pig farms in one commune, he did research among the cadre of many of the communes in the Jiaxing and Suzhou districts and ascertained that the situation in these districts was the same as in the 10 farms he had investigated. After the investigation, he said: the privately raised sows are well tended, they produce large litters, and private raising has six advantages over communal raising. He went on to say that, whether it was sows or porkers, private raising has several advantages over communal raising. He did some fine calculations, calculated incomes, asked about the disadvantages of private pig raising, investigated the advantages as well as the disadvantages. After this sort of painstaking investigation, the decision handed down stated that if the raising of sows was not allowed the peasants, then the pig industry could not recover or develop, and both porkers and sows should primarily be raised by individuals. However, Comrade Chen Yun said, this conclusion cannot be carried out everywhere, because the situation in some places is different, and different methods should be used. In the investigation report it said that there were 10 communes in the market-vegetable production areas in the Shanghai suburbs where the peasants lacked experience in pig raising and did not know how to raise pigs and it was impossible to give a huge number of sows to these peasants to raise privately. This is not "one policy for everyone" wherein once a conclusion was reached it is the same everywhere, whether north or south or east or west, all use the same methods. The investigation report also stated that sows should be raised by individuals, so also porkers, and this raised the problem of stock breeds. Therefore, in most villages, in order to improve pig breeds, the team should raise superior strains of boars and some superior strains of sows.

I remember in 1959 or maybe 1960, Comrade Chen Yun called together a group of comrades to discuss the question of how the rural villages were to develop pig husbandry, and held two weeks of meetings carrying out investigations on the pig raising situation. I attended these meetings from beginning to end. The investigations carried out by Comrade Chen Yun were exceedingly thorough. For instance, after the pig is born, besides suckling, when should additional feeding be started, as it is maturing what should it be fed, and after it is mature, and you want to fatten it, what should you feed it. From birth to marketing, how much grain, how much fodder does one pig require. When the commune is raising pigs, grains can best be used as feed concentrate, but for the privately raised pigs, each family, each household has swill or left-over vegetables and rice they can use, and only when the pig is getting fully matured and should be

fattened then they need to use some grain. Then, in comparing these, state-run raising, communal raising and private individual raising, what is the difference in the amount of grain used? Then make the calculations, if state-run raised, communal raised, to get this much feed concentrate will require how much work, will require how much money, and collecting this much feed will require how much work, how much money? And for private individual raising, how much will be spent? After calculating all this, private raising was found to obviously save the most money. Then further calculations were made, to feed one pig, how much firewood is consumed? If the peasants provide their own firewood, as the elders or children return from the fields they can pick up enough for their own use, but if the commune is to raise pigs on a large scale, then there has to be special supplies of firewood or they have to use charcoal. From the standpoint of labor, if the commune raises pigs, someone has to be assigned to do the work, but if the individuals do it, then the old grandmothers and children can do it as a sideline. At that time he also made other calculations: individuals raising pigs can collect manure and sell some of it to the collective and add to their work points. In this way we spent two weeks carrying out meticulous investigations and research and finally decided it looks as though our course should be to concentrate on private pig raising, with communal pig raising as a supplement. You see, the final policy we came up with was stated in a few words which can be uttered in a moment, but in order to establish this policy we had to go through a great amount of painstaking investigation and research, then, based on this meeting's decision, we had to draft a document, and that took a day or two, but in order to come out with the policy of individual raising as the main, communal as the supplement, Comrade Chen Yun had to spend nearly two week's time in investigation and research. From that time to today, some 20 years, we still should be implementing that policy because the past 20 years of experience has proven that this course of action is correct. During the "Great Cultural Revolution" a lot of places limited their commune members' pig raising, and so they had no meat to eat. Since last year our pork supplies have increased tremendously, the majority of large and medium cities nationwide have wide open supplies, and do these depend upon supplies from individual pig raisers or from the communal raisers? Most of it comes from the individual pig raisers.

The investigation into "Double cropping rice is not as good as beans and single crop rice" was also meticulously carried out. The result of the investigation said that in overall calculations, double cropped rice will bring in 220 cat ties more per mou than single cropped rice, however, if the various losses incurred in double cropping were added together, the equivalent of 310 to 330 cat ties of rice, then the losses outweigh the gains. After reaching such a conclusion, it was not the same as saying that absolutely no district anywhere could double crop rice. Comrade Chen Yun pointed out that farming should be done in accordance with local conditions. The

farming habits formed over a long historical period should not be changed lightly. If one did not investigate the objective conditions, and arbitrarily went from single cropping to double cropping, and used this as the primary means of increasing production, he was not acting in light of actual conditions. He said whether or not to double crop, and how much to plant, is determined primarily by the length of the frost-free season, the ratio of population to land and other factors. Looking at the contemporary situation, in the southern part of the Chang Jiang delta, if the ratio of arable land was less than one mou per person, then relatively more double cropped rice could be grown; if the ratio was around one and a half mou per person, then only a small amount of double cropped rice should be sown; if the ratio was around two and a half mou per person, then it would be best not to double crop. In areas farther north, like Wuxi, even if the ratio is less than one mou per person, double cropping is not necessarily the answer. Lenin once characterized the concrete analysis of concrete conditions as "the essence and living soul of Marxism." Stalin said: "Everything is dependent on conditions, place and time." In his investigations and research, in resolving problems, this is the way Comrade Chen Yun works.

There was also the investigation of the private plots, the subject was "allocate adequate amounts of land for private plots in accordance with Central Directives." At that time Comrade Chen Yun pointed out: the private plots of the peasants not only should not be smaller than during the period of the advanced agricultural producers' cooperatives, but they should be slightly larger than during that period. Recently the People's Daily reported that after the private plots were expanded in some localities in Sichuan province the income of the peasants increased. What was formally communal land decreased with the expansion of private plots, but output still went up. This is what they did in Sichuan, should the same be done in other places? The conditions in each locality differ, one must repeatedly confer with the peasants, work in accordance with the local conditions, like Comrade Chen Yun, undertake extensive investigations and research, and not just issue an order that since Sichuan expanded them this much, we are going to expand them this much too. Each place has its own conditions, each place has the requirements of the local peasants, and the authority for making decisions should reside with the peasants. During the "Great Cultural Revolution" I was in the "May 7 Cadre School" located in a village in the suburbs of Shijiazhuang called Dongying Dadui. Very early on they had instituted commune farming of private plots, and did not allocate private plots to each family or each household. Recently some of the cadre from the Dadui came to visit me at home and I asked them: a lot of places have allocated private plots to individuals, divided them up for the peasants to farm; are you still maintaining the original method of having the commune farm them or have you allocated them to the peasants? They said: this was discussed among the commune members a lot of times; they did not agree to allocating the plots to individual

families or households; today they still divide out the plots for the commune to work; everyone feels that this is better than giving them to each family or household. I asked: is this true? They replied: it is true. They said: In 1979 the average individual income in the Dadui was 227 yuan and in 1980 the average income was 270 yuan, a one year increase of 43 yuan. Over 80 percent of households in the village have built new houses and even some of those who had built new houses a couple of years ago have rebuilt and remodeled. I asked: What percentage of your total income is from grain? They said: It is 45 percent, and the rest is from the diversified economy which includes industrial and sideline occupations, representing 55 percent, which exceeds the income from grain. As for orchards and forestry, when we were there no one was doing that; very little fruit is grown, and last year there was only a bit of income from fruit. There was 120,000 yuan in income for distribution. Nationwide, the great majority of peasants are demanding the allocation of private plots, and this village does not want to allocate them or divide them among the peasants; the commune members don't want it. The conditions in China are extremely complicated; no matter what the work is, a single policy cannot apply everywhere, we cannot use just one formula, just one pattern; you have to figure it out on the spot and suit measures to local conditions.

Now let us look at Comrade Chen Yun's investigations of several departments.

First, there was the 1959 investigation into the question of fulfilling the steel production targets. This investigation took over three months. Comrade Chen Yun investigated every aspect inside the steel industry from the mines, the coke, the refractory materials, to the smelting of iron and of steel, the rolling equipment and even the transport capacity - it all underwent exhaustive investigation. After the investigations, a report was submitted to a meeting of the Political Bureau, where he talked for over an hour. Prior to this, the production target for steel had already been cut back and set at 15 million tons. After his research and investigations, making serious calculations, Comrade Chen Yun proposed that the production target be set at 13 million tons. Even with this figure he had some reservations. He said, this research into the steel production target was limited to the various internal elements of the steel industry; they had not yet made comprehensive studies of the relationships between the steel industry and other industries, much less had they done a full scale investigation of the relationships between the entire industry and the other departments within the national economy. By concentrating only on the steel industry itself and thus set forth production targets for steel and steel stock is in no way totally appropriate. This is because steel is only one element of the entire industry and of the national economy; only after comprehensive research could one see clearly whether or not the target for steel was set appropriately. See? He spent three months' time, made an exhaustive investigation of the internal elements of

steel production, and still took pains to explain what he had investigated, what he had not investigated. That year, at year's end actually only some 13 million tons of steel were produced and that was achieved only at a very high cost. Comrade Chen Yun had said it very clearly in the beginning, in suggesting the figure of 13 million tons, it was only preliminary, it was put forward for the consideration of the Political Bureau, and was not meant as a final decision. This shows clearly that Comrade Chen Yun truly did have reservations. Looking at it now, it would have been better not to try for 13 million tons. At that time, in order to guarantee steel production, we really squeezed other departments, created ratios that were out of sync and imbalances in the entire economy. If we had not followed Comrade Chen Yun's proposal to reduce the target to 13 million tons and had tried for 15 million tons or even more, it would of necessity caused even more serious results.

Now I would like to talk about the investigation of the nitrogenous fertilizer industry. Comrade Chen Yun approved the big-medium-small combination and the local-foreign combination methods. He also said, advanced technology and backward technology will have to coexist for a long period of time, otherwise we will not be able to solve our employment problem. However, as everyone will remember, at that time there was a tendency, and that was to one-sidedly emphasize "small, indigenous and of the masses" even to the point of saying the smaller the better, the more indigenous the better. During that period a great many small chemical fertilizer plants were built. Comrade Chen Yun, after investigating, thought that the small chemical fertilizer plants did not pass the test, were economically unprofitable and should not be built, that we should go for the large chemical fertilizer plants. He was not limited by any preordained formula, but reached this conclusion after investigations. On the basis of his investigations and research he set the scale and distribution for constructing nitrogenous fertilizer plants, proposed the appropriate measures, and carried them out line by line: for instance, the import of the major equipment, siting the production of equipment, supplying complete sets of nitrogenous fertilizer equipment, as well as the domestic supply of materials, and so on, all had to be implemented. He also pointed out that we had to eliminate the weak links in the production of equipment, strictly observe systematic capital construction. And all of these questions related to enabling the nitrogenous fertilizer industry to develop. However, he also stated that we should not and cannot constrain the means of construction for other departments in order to speed up the construction of the nitrogenous fertilizer industry, rather, on the basis of an overall balance in the entire national economy and comprehensive overall arrangements, should correctly make arrangements for the construction of both the nitrogenous fertilizer industry and the other departments. Even while of necessity taking care of the needs of the fertilizer industry, we must also take care of the requirements of the other departments' construction. Only in this manner will we have a firm

foothold and make advancements over solid ground and cause the construction of the nitrogenous fertilizer industry to travel the road of healthy development. The construction of the nitrogenous fertilizer industry should proceed in this manner, and so also the development in other departments. The development of one department cannot be divorced from the overall situation. When we are in charge of this department or are running that department, we often only think of ourselves, and seldom think of the big picture, give little consideration to comprehensive balance. As a result, we have an influence on the overall situation and in the end our own department cannot attain healthy growth.

Now a bit about the inspection of the coal industry. Comrade Chen Yun spent more than a month in repeated discussion with the responsible comrades in the coal ministry and lower level comrades whom he specifically called in. Prior to this, I remember there was a comrade who volunteered to run the coal industry, but in the end solved no problems. Then another comrade came forward and said he would take over the coal industry, but he also could not solve the problems. The reason was that they did not carry out systematic and comprehensive investigation and research of the coal industry. Later, Comrade Chen Yun spent more than a month in investigations, and got a clear understanding of the internal and external problems of the coal industry, and it was only then that the coal industry's development began to be realized. A comrade who had formerly managed the coal industry said that the coal ministry had two mines which were run well, and that was because these mines had not instituted the piece rate wage system, but the hour rate wage system. At that time there was a big debate about piece rate wages and hourly rate wages, and that comrade did not support piece rate wages. After his investigations Comrade Chen Yun solved this puzzle: these two well run mines had been using the piece rate wage system all along. Because of this Comrade Chen Yun advocated that the coal industry departments implement the piece rate wage system.

In 1962 at a meeting of the party members of the various departments and committees of the State Council, Comrade Chen Yun delivered a speech titled "The present

situation in finance and economics and several methods of handling problems." This was an overall and comprehensive investigation of the national economy. It was very influential at the time. This report was made up of a historical investigation, an investigation of model units, and a departmental investigation - in a word, it was only put forward after comprehensive investigation and research and a summary of what was learned from many years of experience.

We can compare our work with the investigation and research that Comrade Chen Yun did regarding economic questions and ask if we are doing things this way. Each of us has experienced success and has experienced errors. Can it be said that whenever we handled something well we started out from reality, carried out serious investigations and research and on the basis of the research selected the correct measures, and those things which were handled badly, where small mistakes happened, which caused harm to the people, all were not based upon reality and no serious investigation or research was done? We talk about the principle of seeking truth from facts, but if we do not seriously carry out comprehensive and thorough investigation and research, it will all come to nothing. We are now engaged in modernization and face a great many complicated problems; we need even more now to go deep into reality, research and investigate: only then will we be able to propose realistic and feasible solutions. If we just float along on top, merely hold meetings and hear reports and rely upon these to decide courses of action, policies—or even worse, rely on intuition, rub our heads, take things for granted—handling things this way can only lead to doing it wrong.

We have been engaged in socialist construction for several decades and achieved some obvious successes but the errors made and the losses incurred cannot be called small. At the same time that the broad masses of people acknowledge our accomplishments, they can also forgive the mistakes we make because of a lack of experience. However, we ourselves should feel guilty. From now on we should do our utmost to avoid committing major errors, otherwise we will be of too great a disservice to the masses of people.

**PROVINCIAL****Sichuan 1991 Economic, Social Statistics**

*HK2303033492 Chengdu SICHUAN RIBAO in Chinese  
8 Feb 92 p 2*

[Report: "Sichuan Provincial Statistics Bureau Issues Communique on Province's 1991 National Economic, Social Development (24 January 1992)"]

[Text] Thanks to the concerted efforts made by the people of all nationalities in Sichuan and to the upholding of the basic line of "one center, two basic points," Sichuan maintained steady economic growth in the "Quality, Variety, and Efficiency Year drive" in 1991, the first year of the Eighth Five-Year Plan under correct party and government leadership. Agricultural output increased in a year of disasters. Industrial production grew rapidly, the decline in economic efficiency halted, the market remained normal, prices were stable, the people's living standards improved, a balance was attained in social general supply and demand, the economic structure was further readjusted, scientific and technological undertakings continued to develop, and the main tasks of the three-year economic improvement and rectification were accomplished. According to preliminary statistics, the GNP (Footnote 1. GNP refers to the increased value of both the productive and nonproductive sectors, not including the value of products and labor service consumed by intermediate units.) reached 127.3 billion yuan in 1991, an increase of 6.9 percent over 1990; national income amounted to 107.4 billion yuan, up 6.7 percent; and total industrial and agricultural output value topped 224.619 billion yuan (calculated in terms of 1990 fixed prices), up 10.6 percent. Meanwhile, we should be aware that the structural contradictions shaped over a long time in the past which affected normal development of the national economy remained unchanged, the general level of economic efficiency was relatively low, there was a strain in finance, the farm produce circulation was clogged, and enterprise operation mechanism problems were to be further settled.

**I. Agriculture**

Sichuan further stabilized and perfected rural economic policies in 1991, increased input in agriculture, paid great attention to boosting agriculture with science and technology, fought against natural disasters, and reaped bumper harvests. Based on the bumper harvests for two successive years, Sichuan reaped good major cash crops and grain harvests and scored overall development in agriculture, forestry, animal husbandry, sideline occupations, and fishery. The total rural product of society (Footnote 2. Total rural product of society includes the gross output value of agriculture and the gross output value registered by collective and individually run rural industries, the building industry, transportation, commerce, and catering.) reached 118.988 billion yuan, an increase of 9.7 percent over the previous year. Of this, the nonagricultural sector's output value was 52.281 billion yuan, up 20.1 percent. Total agricultural output

value was 75.954 billion yuan (calculated in terms of 1990 fixed prices), a 3.4-percent rise. Of this, farming rose 3 percent; forestry, 1.1 percent; animal husbandry, 4.3 percent; sideline occupation, 1.2 percent; and fishery, 7.4 percent.

Of the major farm produce, grain output increased for three successive years and hit another record. Output of cotton, oil-bearing crops, sugar cane, tobacco, jute and hemp, silk cocoons, fruit, and tea all rose by varying degrees compared with the previous year.

Output of major farm produce was as follows:

	1991	Increase over previous year (%)
Grain	43.4535 million tons	1.9
Cotton	0.1428 million tons	24.2
Oil crops	1.7567 million tons	12.9
including rapeseed	1.4603 million tons	14.2
Sugar cane	2.7216 million tons	14
Jute and hemp	0.0938 million tons	6.6
Tobacco	0.1357 million tons	38.5
Silk Cocoons	0.1643 million tons	14.9
Fruit	1.3984 million tons	10

Sichuan ended the output of forestry, which declined for successive years, and increased the area of afforestation. But the output of some forest products dropped. Sichuan afforested 5,6739 million mu of land, 178,900 mu more than in 1990; and the output of raw lacquer totaled 632 tons, up 14.7 percent. But output of tung oil seed was 115,000 tons and that of tea oil seed was 3,123 tons, down 0.9 percent and 5 percent respectively from 1990.

Animal husbandry continued to develop steadily. The number of pigs slaughtered increased by 2.37 million head as compared with the previous year. The number of large animals, hogs, and sheep in stock continued to increase. Output of meat, eggs, milk, and poultry increased.

Output of major animal by-products and head of livestock were as follows:

	1991	Increase over previous year (%)
Pork, beef, mutton	4.2803 million tons	5.1
of which: pork	4.1687 million tons	5.1
Milk	272,700 tons	3.3
Sheep's wool	2,822 tons	3.0
Pigs slaughtered	63.4536 million head	3.9
Large animals at year's end	10.8462 million head	1.4
Pigs—year end	66.0653 million head	1.0
Sheep—year end	9.5036 million head	0.5

Fishery production continued to grow. The varieties of aquatic products increased and quality improved somewhat. Annual output of aquatic products reached 245,000 tons, a rise of 5.3 percent over 1990.

Input in agriculture increased and production conditions improved somewhat. Of the province's 1991 financial expenditures, after deducting relief funds, investment in agriculture-related industry, and expenses for supporting the underdeveloped regions, the amount used to directly support rural production totaled 833 million yuan, an increase of 2.3 percent over 1990. At the end of 1991, the aggregate power capacity of Sichuan's farm machines reached 13.03 billion watts, a rise of 3.4 percent over the previous year. Of this, irrigation and drainage equipment amounted to 2.795 billion watts, up 1 percent; trucks for farm purposes totaled 45,200, up 7.4 percent; and all kinds of tractors totaled 182,800, down 4.1 percent. A total of 1.98 million tons of chemical fertilizers (in terms of 100 percent active ingredients) was applied in the year, an increase of 2.9 percent over 1990. The total consumption of electricity in rural areas was 4.432 billion kwh, an increase of 0.7 percent. Farmland water conservancy works building was further strengthened. The area under effective irrigation totaled 42.39 million mu in the year, 301,000 mu more than in 1990.

Township enterprises upheld the principle of development and improvement, and steadily promoted production. Township enterprise total output value amounted to 66.018 billion yuan, up 22.6 percent from 1990.

## II. Industry

Sichuan's industrial production steadily grew in 1991, with the total output value amounting to 148.665 billion yuan (calculated in terms of 1990 fixed prices), up 14.7 percent from 1990, including a 13.6-percent growth for township industrial enterprises. Of the total industrial output value, the public sector grew 10.9 percent; the collective sector, 21.5 percent (including 26.4 percent growth for township industry); the individual sector, 17.3 percent; and other economic sectors, 47.2 percent.

The structure of industrial production was readjusted. The output value of Sichuan's light industry totaled 70.649 billion yuan in 1991, an increase of 15.5 percent over the previous year; and heavy industry, 78.016 billion yuan, up 13.9 percent. Production of some daily necessities increased by a wide margin while production of energy, basic raw materials, and agriculture-related manufactured goods registered a steady growth. The serious overstock of high and medium class consumer goods and some textile and light industrial goods caused by the difficulties in market sales was brought under control by means of restricting production.

## Output of major industrial products was as follows:

	1991	Increase over previous year (%)
Television sets	1,426,600	-5.2
of which:		
color sets	941,400	7.9
Household washing machines	295,800	-11.0
Household refrigerators	189,100	-7.9
Motorcycles	491,400	27.4
Chemical fibers	57,900 tons	50.9
Cotton yarn	158,900 tons	5.0
Cloth	841 million meters	3.1
Silk	15,600 tons	7.1
Silk goods	131.36 million meters	0.5
Woolen goods	4.9019 million meters	-3.6
Sugar	181,800 tons	13.8
Salt	2.1575 million tons	-10.3
Cigarettes	1.9122 million cartons	7.3
Liquor	822,500 tons	2.0
Compound fodder	1.6146 million tons	5.8
Machine-made paper and paper board	827,500 tons	6.9
Plastic sheeting for farm purposes	22,400 tons	40.3
Coal	68.272 million tons	0.6
Crude oil	137,800 tons	-15.1
Gas	6.706 billion cubic meters	1.3
Power generation	37.687 billion kwh	10.0
Pig iron	5.0392 million tons	11.1
Steel	5.3438 million tons	7.9
Rolled steel	3.5111 million tons	-11.5
Sulphuric acid	1.4183 million tons	21.9
Soda ash	338,200 tons	0.5
Caustic soda	226,200 tons	-3.9
Chemical fertilizers (100% ingredients)	1.9083 million tons	6.4
Insecticide	8,803 tons	25.7
Timber	3.1936 million cubic meters	-15.1
Cement	16.5575 million tons	22.5
Plate glass	1.4152 million cases	-36.5
Machine tools	5,525	42.5
Trucks	38,900	40.7
Internal-combustion engine	798,400 kw	31.5

Industrial economic efficiency improved somewhat. Per capita productivity in state-owned industrial enterprises was 26,590 yuan (calculated in terms of 1990 fixed prices), an increase of 8.2 percent over 1990. Economic efficiency of the local budgeted state industrial enterprises stepped out from the lowest point by the end of the year. Deficits, which totaled 7.69 million yuan in the first quarter, changed into profits of 912 million yuan by the end of the year. The year's profits and taxes totaled 3.662 billion yuan, up 3.7 percent from 1990. The amount of circulating funds used by enterprises by the end of the year totaled 6.019 billion yuan, a 3.7-percent drop from the 1990 year-end period. The turnover period for circulating funds was shortened three days compared with the previous year. The rates of profits and taxes from sales and capital were more or less the same as the previous year. However, the overall level of economic efficiency was relatively low. Annual profits dropped 18.1 percent from the previous year, some 35.3 percent of the enterprises suffered deficits, and the deficits totaled 1.306 billion yuan, a rise of 14.5 percent.

### III. Investment in Fixed Assets, Building Trade

Sichuan's total investment in fixed assets increased in 1991, construction of key projects was accelerated, and the basic industries were strengthened. Investment in fixed assets totaled 27.96 billion yuan, 5.24 billion yuan more than in 1990 or an increase of 23.1 percent. Of this sum, investment by the local areas totaled 19.62 billion yuan, 3.73 billion yuan more or an increase of 23.5 percent.

Investment in capital construction by the state units increased rapidly. Sichuan's investment in capital construction totaled 12.19 billion yuan in 1991, a rise of 35.8 percent. Viewed from the national economy's major trades, investment in industrial construction totaled 7.33 billion yuan, up 30 percent; agriculture, forestry, animal husbandry, fishery, and water conservancy works, 440 million yuan, up 31.4 percent; transportation, post and telecommunications, 920 million yuan, up 42.4 percent; culture, education, public health, radio, and welfare institutes, 1.11 billion yuan, up 24.8 percent; and scientific research and comprehensive technological services, 290 million yuan, down 12 percent. Investment in the 45 large and medium capital construction projects totaled 4.63 billion yuan, accounting for 38 percent of the total investment in capital construction.

New production capacities and efficiency in capital construction include: 150,000 tons of coal, 890,000 kw of power generating capacity, 11,000 cubic meters of timber and their transportation, 235,000 tons of cement, 15,000 cotton spindles, 33 km of newly built railways, 107 km of electrified railways, 50,000 tons of commercial refrigeration, and 300,000 tons of grain storage. The large and medium projects, including the Jiangyou Power Plant and Huanengjiangbei Gas Turbine Power Plant, were completed and put into operation.

Investment in renovation and upgrading totaled 5.97 billion yuan, 500 million yuan more than in 1990 or a rise of 9.1 percent. Of this sum, the investment by the localities totaled 4.25 billion yuan, an increase of 7.3 percent.

Headway was made in the building trade and its economic efficiency improved somewhat. Total output value of the state-owned construction enterprises in 1991 was 7.29 billion yuan, an increase of 12.7 percent over the previous year. Per-capita labor productivity was 14,110 yuan, a rise of 15 percent.

### IV. Transportation, Post and Telecommunications

Sichuan made further headway in transportation in 1991. Volume of transport (Footnote 3. Volume of transport refers to passengers and cargo handled by various means of transportation.) by various means of transportation in the year was as follows:

	1991	Increase over previous year (%)
Volume of cargo	48.157 billion ton/km	3.3
Railway	36.491 billion ton/km	4.1
Highway	2.00 billion ton/km	-5.4
Waterway	9.6 billion ton/km	2.4
Air	0.066 billion ton/km	1.5
Volume of passengers	37.166 billion person/km	13.1
Railway	11.43 billion person/km	9.0
Highway	19.96 billion person/km	13.8
Waterway	2.89 billion person/km	18.2
Air	2.886 billion person/km	21.4

Post and telecommunications progressed steadily. Business transactions in 1991 totaled 799 million yuan, an increase of 23.1 percent over the previous year. Of this sum, postal transactions rose 14.1 percent and telecommunications went up 33.1 percent. The year-end number of telephone subscribers in urban areas amounted to 261,300, a rise of 22.4 percent. The extent of modernization was also raised.

### V. Domestic Commerce, Supply and Marketing

Thanks to implementation of various policies and measures for boosting the market in 1991, the sluggish market situation which lasted for two years ended and now present a scene of steady growth. Retail sales

volume totaled 162.037 billion yuan, an increase of 13.8 percent over 1990. Consumer goods retail sales amounted to 53.734 billion yuan, up 13.8 percent from 1990; and means of farm production retail sales were 8.303 billion yuan, up 13.3 percent. The urban market was steady and brisk while the rural market recovered. Retail sales of consumer goods in the urban areas totaled 24.348 billion yuan, a rise of 18 percent over 1990; retail sales of consumer goods at and below county level amounted to 29.386 billion yuan, up 10.6 percent.

The structure of various economic sectors changed somewhat. The proportion of the public sector in retail sales rose from 31.5 percent in 1990 to 33.4 percent; that of the collective sector dropped from 34.7 percent to 33.5 percent; that of the individual sector dropped from 23 percent to 22.3 percent; and that of retail sales by farmers to nonagricultural residents rose from 10.1 percent to 10.6 percent.

Regional trade contacts further increased. Sichuan purchased 16.862 billion yuan worth of commodities from other provinces, up 20.3 percent from 1990 and sold 8.614 billion yuan worth of commodities to other parts of the country, a rise of 19.9 percent.

Material supply departments' sales of all kinds of production materials totaled 11.37 billion yuan, an increase of 25.1 percent over 1990. Sales of rolled steel totaled 2.51 million tons, an increase of 21.8 percent over 1990; cement, 1.58 million tons, up 16.7 percent; timber, 167,000 cubic meters, down 21.9 percent; and coal, 520,000 tons, up 8.3 percent.

Country trade continued to be brisk. The nationwide country trade fair's volume totaled 18.74 billion yuan, an increase of 18.7 percent over 1990.

Market prices remained stable. The general level of the year's price indices rose 2.3 percent over 1990. The retail prices rose 2.5 percent for consumer goods and 0.8 percent for farm production materials. Retail prices rose 2.9 percent for the state commercial sector and 0.6 percent for the commodities in the market. The prices rose 3.7 percent in urban areas and 1.4 percent in rural areas.

The cost of living index for urban and rural inhabitants rose 3 percent on the average over the previous year. Of this, the index rose 4.3 percent for urban inhabitants and 2.1 percent for peasants.

#### **VI. Foreign Economic Relations, Economic Cooperation, Tourism**

Following the measures adopted in 1991 to abolish export subsidies, implement unified policies, and encourage foreign trade companies to assume sole responsibility for their profits and losses, Sichuan continued to attain a rapid growth in foreign trade. The foreign trade volume totaled \$1.712 billion, an increase of 25.9 percent over 1990. Of this sum, exports totaled

\$1.319 billion, up 18.5 percent while imports totaled \$0.393 billion, up 59.1 percent.

Direct investment by foreign businessmen continued to increase. Foreign-funded enterprises signed a total of 232 contracts, a 73 percent increase over 1990. The new contracts Sichuan signed for overseas projects and labor service, which increased steadily in 1991, was worth \$304 million, a rise of 32.7 percent. Business volume amounted to \$175 million, an increase of 9.5 percent.

Sichuan's economic and technological cooperation with other provinces continued to develop. Sichuan signed 768 economic and technological cooperation projects with other provinces, municipalities, and autonomous regions. The province drew on 336 million yuan of capital. Volume of goods transferred in and out of Sichuan totaled 3.168 billion yuan, of which the goods transferred from Sichuan amounted to 1.812 billion yuan.

International tourism prospered. Sichuan received 212,600 foreign visitors in 1991 and earned 232 million yuan (foreign exchange) from tourism, a rise of 9.6 percent and 35 percent, respectively over the previous year.

#### **VII. Finance, Insurance**

While exercising control over general demand and supply, Sichuan's financial organs vigorously readjusted the credit structure, did a good job of urban and rural savings deposits, and maintained normal operation of finances in 1991. The year-end balance of all kinds of savings deposits was 16.788 billion yuan more than in early 1991 or 3.794 billion yuan more than the previous year. The amount of loans was 20.168 billion yuan more than in early 1991 or 4.968 billion yuan more than in the previous year. The credit increase in circulating funds and investment in fixed assets played a positive role in maintaining Sichuan's steady economic development. Bank cash transactions increased rapidly, more currency was put into circulation, and the financial market was brisk. Bank lending increased 42.3 percent over 1990. The issue of negotiable securities rose 79 percent and the volume of transfer of the negotiable securities increased 460 million yuan over 1990. The volume of transactions at the foreign exchange regulation center went up 24.9 percent.

Further headway was made in insurance. Income from insurance business totaled 1.326 billion yuan in 1991, a rise of 34.2 percent over the previous year. Over 200 billion yuan of property was insured. A total of 16.87 million people and 14.02 million households were covered by life and property insurance. Compensation paid by the insurance companies totaled 629 million yuan, an increase of 61.5 percent over 1990.

#### **VIII. Science and Technology**

Sichuan continued to deepen the scientific and technological structural reform, stabilized and improved the

scientific and technological policies, and vigorously promoted scientific and technological progress in 1991. The province attained 1,009 major scientific research achievements, a rise of 13.2 percent over 1990. In the year, Sichuan won 326 provincial scientific and technological progress awards, 22 state scientific and technological progress awards, 10 state invention awards, five state spark awards, and one state natural science award. Construction of the Chengdu and Chongqing high-tech development zones was smooth. In the year, 180 topics were tackled in 15 "torch plans" and 65 major scientific and technological projects. Marked results were achieved in application of scientific and technological achievements in production. Sichuan signed a total of 9,801 technological contracts, the volume of transactions amounting to 721 million yuan, an increase of 18.2 percent over 1990.

The number of patent applications continued to increase. The province received 2,436 applications and granted 1,232 patents, a rise of 16.5 percent and 17.9 percent respectively over 1990.

The ranks of scientists and technicians continued to expand. There were 1.492 million various kinds of natural science professionals and technicians in 1991, an increase of 21,000 over the previous year. There were 288 independent research and development institutes under government departments at and above county level, with 36,400 research fellows. The number of professionals in research and development institutes in universities, colleges, and large and medium enterprises increased somewhat.

## IX. Education, Culture

The size of Sichuan's universities and colleges was maintained and the internal structure readjusted in 1991. Institutions of higher learning enrolled 1,915 postgraduates in the year. There were 5,589 postgraduates in study and 2,080 postgraduates completed their degrees. Universities and colleges enrolled 41,700 students in 1991 and had a student body of 141,300. Last year 41,000 students graduated.

Secondary vocational and technical education was strengthened. Senior secondary schools had a student body of 551,900 while the secondary vocational and technical schools had a student body of 465,500, accounting for 84.3 percent of the former.

Elementary education developed steadily. Junior secondary schools had a student body of 3.2798 million while the primary schools, 8,816 million. The attendance rate of school-age children reached 96.53 percent, higher than in the previous year. The rate of primary school pupils discontinuing their studies dropped from 3.2 percent in 1990 to 2.8 percent. A total of 173 counties passed the inspection test of popularizing elementary education. Sichuan's kindergartens had 1.909 million children. Education for mentally retarded and disabled children was enhanced somewhat. Schools run by society

continued to develop. The province had 1,720 private primary and secondary schools with a student body of 101,600.

The quality of adult education further improved. Adult universities and colleges enrolled 27,900 students and had a student body of 67,900. Last year 27,900 student graduated. Adult secondary vocational and technical schools had a student body of 118,200 and 37,200 students graduated in the year. A total of 473,000 students joined the self-study and examination program and 8,748 received college qualifications. Technical education for peasants developed somewhat. There were 20,788 agricultural technical schools, with a student body of 5.7065 million. There were 6,578 township peasant technical schools. A total of 9.6014 million people were trained in the year. Elementary education for peasants also developed markedly and 844,800 peasants got rid of illiteracy.

Cultural undertakings played an important role in enriching the people's spiritual lives. Sichuan produced nine feature films, released 171 new (full-length) films, and turned out 37 radio series and 66 television series in 1991. "Jiao Yulu," shot by the Emei Film Studio, won the "Golden Rooster Award," "Hundred Flowers Award," and "Government Award." At the Sichuan International Film Festival held last year, "Northern Tibetan Family" and "Trip to the South—History of Families in Frontier Fortresses," produced by the Sichuan Television Station won the best documentary and best television series "Golden Panda" awards. Sichuan had 10,476 cinema and film projection teams, 148 art troupes, 150 public libraries, 210 cultural centers, 47 museums, and 236 archives. The province had 16 radio stations and 23 radio transmitting and relay stations, offering 23 programs, the coverage rate reaching 65 percent. There were 21 television stations and 2,991 television transmitting and relay stations, offering 24 programs, and the coverage rate reached 71 percent. Some 1.348 billion copies of local newspapers and 311 various kinds of magazines, totaling 53.91 million copies; and 3,960 kinds of picture books, totaling 342.76 million copies, were published last year.

## X. Public Health, Environment, Sports

New headway was made in public health. There were 20,403 hospitals and clinics by the end of 1991, an increase of 0.5 percent over the previous year, with 247,200 beds, up 2.7 percent. Professional health workers numbered 315,200, a rise of 1.4 percent, which included 156,900 doctors and 65,300 nurses. There were 71,500 clinics in villages and 114,100 rural doctors and nurses, an increase of 0.8 percent and 3.8 percent respectively.

Marked results were achieved in environmental protection. The rate of industrial waste gas treatment reached 66.5 percent; waste water processing, 75 percent; and processing of solid waste, 43 percent, all increases over the previous year.

Sports developed steadily. In 1991, one Sichuan athlete broke a world record and two athletes broke three Asian records on four occasions. At major contests held at home and abroad, Sichuan athletes won 58 gold, 51 silver, and 53 bronze medals. Mass sports activities were gradually standardized and institutionalized. The province held 6,813 games at and above the county level, a rise of 8.6 percent over 1990. A total of 1.2943 million people took part in the games, a drop of 11.4 percent. Some 5.5378 million people reached the state's physical training requirements, a rise of 8.4 percent.

#### XI. Living Standards

Urban and rural inhabitants' incomes increased and their living standards further improved. A sample survey of 2,000 urban families from 20 cities showed an average annual per capita cash income of 1,536.63 yuan, 182.18 yuan more than in 1990, a rise of 13.5 percent or a real increase of 8.8 percent after deducting the factor of price hikes. Per capita living expenses amounted to 1,487.69 yuan, 206.4 yuan more than in the previous year, a rise of 16.1 percent (a real increase of 11.3 percent after deducting price hikes). Of this, expenses rose 12 percent for food, 26.9 percent for garments, 18.1 percent for spending, 36.1 percent for housing, and 12.3 percent for fuel. By the end of 1991, every 100 urban families had 72 color television sets, up 8.5; 54.9 refrigerators, up 5.8; 83.8 washing machines, up 3.3; 168.1 electric fans, up 11.6. A sample survey of 5,500 rural families from 55 counties indicated an average annual per-capita net income of 590.2 yuan, 32.5 yuan more than in 1990, an increase of 5.8 percent or a real increase of 4.6 percent after deducting price hikes. Per capita living expenses totaled 552.4 yuan, a rise of 8.5 percent (a real increase of 7.2 percent after factoring in price hikes). Of this sum, expenses rose 5.8 percent for food, 16.2 percent for clothing, 16.4 percent for spending, and 8.6 percent for housing. Peasant families had an increasing number of durable consumer goods. By the end of 1991, every 100 rural households had 41.7 black and white television sets, up 7.8; 1.6 color television sets, up 0.6; 12.3 video recorders, up 0.6; 29.6 electric fans, up 8.6; and 3.4 washing machines, up 0.6.

The ranks of workers and staff members continued to expand and their wages increased. The urban areas offered jobs to 242,000 people, a rise of 5.4 percent over 1990. The 1991 year-end number of workers and staff members totaled 9.654 million, 293,000 more than in the previous year. There were 476,000 self-employed workers, 27,000 more than in 1990. Total payroll amounted to 20.81 billion yuan, 2.24 billion yuan more than in 1990 or an increase of 12.1 percent. Average per-capita wage was 2,190 yuan, 179 yuan more than in 1990 or a rise of 8.9 percent.

Urban and rural savings deposits continued to increase. By the end of 1991, individuals' bank savings amounted to 47.289 billion yuan, 11.045 billion yuan more than the 1990 year-end period or an increase of 30.5 percent.

In social welfare in the rural areas, 38,200 peasants joined the life insurance scheme. By the end of the year, 449 towns set up social insurance networks in rural areas and established 5,957 social insurance funds, valued at 96.5141 million yuan. The urban areas established 7,458 social service facilities. The social welfare institutes had 65,600 beds, providing for 49,200 people. Social relief was offered to 4.1259 million people and the collectives provided for 245,400 people.

#### XII. Nationality Regions

New headway was made in national economic and social undertakings in Sichuan's autonomous areas in 1991. Society remained stable and the people's living standards further improved. Total industrial and agricultural output value of the Ganzi, Abei, and Liangshan autonomous prefectures and Qinjiang, Mabian, and Ebian autonomous counties amounted to 8.764 billion yuan, a rise of 8.3 percent over 1990.

Agricultural production and animal husbandry continued to develop. Total output value of agriculture amounted to 4.824 billion yuan, an increase of 4.6 percent over 1990. Another harvest was reaped in grain, with a total output of 3.0571 million tons, an increase of 6.2 percent over the previous year. Output of major cash crops increased: sugar-cane, 520,600 tons, up 14.5 percent; oil-bearing crops, 67,500 tons, up 27.2 percent; and tea, 3,046 tons, up 3.2 percent. Animal husbandry developed steadily. The number of large animals at the year's end reached 6.333 million head, up 2.2 percent from the previous year-end period; live hogs, 5.3562 head, up 1.5 percent; and sheep, 7.0167 million, up 1.7 percent. Output of pork, beef, and mutton totaled 277,200 tons, a rise of 8.2 percent over the previous year. The conditions for farm production further improved. By the end of 1991, the aggregate power of Sichuan's farm machinery reached 1.015 billion watts, 4.4 percent more than in the 1990 year-end period. A total of 103,700 tons of chemical fertilizers were applied, up 9.5 percent and the rural areas consumed 316.3 million kwh of electricity, up 12.2 percent.

Industry developed rapidly and the annual total output value amounted to 3.94 billion yuan, a rise of 13.4 percent. Of this sum, light industrial output value totaled 1.707 billion yuan, an increase of 17.8 percent; the public sector's industrial output value amounted to 2.968 billion yuan, up 13.5 percent; and industrial output value of the collective sector was 0.692 billion yuan, up 17.3 percent.

The investment amount increased in 1991. Investment by state-owned units in fixed assets totaled 932 million yuan, 84 million yuan more than in 1990 or a rise of 9.9 percent. Of this, capital construction investment totaled 651 million yuan, an increase of 2.7 percent and technical transformation and renovation investment amounted to 250 million yuan, up 38.9 percent.

There was ample supply in the market and the people's living standards continued to improve. The retail sales

volume totaled 3.111 billion yuan, a rise of 6.5 percent over 1990. Of this, consumer goods sales amounted to 2.64 billion yuan, up 4.6 percent. The year-end balance of saving deposits by urban and rural inhabitants was 2.218 billion yuan, up 33.1 percent from 1990. The figure included rural bank savings deposits of 553 million yuan, a rise of 38.3 percent.

Science, education, culture, public health, and other social undertakings continued to develop. By the end of 1991, there were 1.0218 million students in ordinary schools, an increase of 2.1 percent over the previous year. These schools had a teaching staff of 54,100, a rise of 1.1 percent. Hospitals and clinics had 23,700 health professionals, up 2.5 percent; and 17,700 beds, up 3.3 percent.

**Notes:** The GNP, national income, and total output value listed in this communique, except those indicated, are calculated in terms of 1991 prices and the rate of growth over the previous year is calculated in accordance with comparable prices.

All the figures given in this communique are preliminary figures.

#### Cost of Pneumoconiosis Calculated

92CE0371C *Taiyuan SHANXI RIBAO*  
in Chinese 9 Feb 92 p 3

[Article: "Shocking 'Bloodless Injury'"]

[Text] In 1988, 1,725,000 people in the province working in dusty occupations. Prior to 1988, 25,392 people in the province had contracted pneumoconiosis, and 4,963 of them died in a 16.45 percent death rate. In 1990, 1.98 million people in the province worked in dusty occupations, and the number of people suffering from pneumoconiosis had increased to 32,176, making Shanxi fourth in the country for the incidence of this disease.

Figured at 16,324 yuan of value created for the country each year by every regular worker, a total value of 254 million was lost in 1988 from pneumoconiosis; and medical expenses for sufferers from pneumoconiosis throughout the province totaled 119 million yuan. At 5,776 yuan in payments to the family of deceased victims of pneumoconiosis, payments totaling 3.403 million yuan were required for the 171 people who died in 1988 and the 449 people who died in 1990. Thus, the total economic loss to the country was 376.43 million yuan.

#### FOREIGN TRADE, INVESTMENT

##### Increasing Foreign Trade Competitiveness

92CE0319A *Beijing JINGJI RIBAO* in Chinese  
6 Feb 92 p 1

[Article by Qiu Xichun (6726 1585 3196) and Li Zhengping (2621 3630 1627): "Increasing China's Foreign Trade Competitiveness"]

[Text] Every Chinese, from a national policy maker to an ordinary citizen, can justifiably be pleased with and proud of China's enormous foreign trade surplus gained in the year just passed. After enterprises became responsible for their own profits and losses in the new foreign trade system, and prepared to pay the price of giving up government financial subsidies amounting to billions of U.S. dollars, the anticipated difficulties did not come to pass; instead we faced an unexpected situation which truly pleased us all: our exports reached \$71.91 billion, an increase of 15.8 percent over 1990, bringing our foreign exchange reserves close to \$40 billion.

The fact that all with eyes could see is that during the past 10 or more years, the continuous and intensive structural reforms in our foreign trade system, particularly the sink-or-swim new system put into effect in 1991, have instilled new vitality in our foreign trade and have had great effects in promoting rapid developments in that area. But, viewed from another angle, we discover that all structural reforms undertaken up to this point have an obvious, special characteristic: they were aimed at reforming internal conditions. Adjusting the foreign exchange reserves ratio, changing the mix of imports and exports, canceling the government financial subsidy for exports, implementing a system of foreign trade enterprises being responsible for their own profits and losses, these were all steps taken to adjust and rationalize the various benefits related to operating and managing foreign trade enterprises within our country. Now, we need to look at the structural reforms of China's foreign trade in terms of the world market and give high priority to increasing our foreign trade competitiveness internationally.

Although China's foreign trade appears to be developing at a rapid rate, we must clearly recognize the position China occupies in the world competitive arena. In 1990, our exports reached a record level of \$62 billion, but which was equivalent to only one-seventh of Germany's, one-sixth of the U.S. and one-fifth of Japan's exports, or 1.8 percent of the world trade total, and which ranked China 15th behind Hong Kong, Taiwan, South Korea and Switzerland. Comparing our exports to those of Hong Kong, Taiwan and South Korea, ranking 11th, 12th and 13th respectively, although export quantities are fairly comparable, the composition of our exports is inferior, consisting mainly of raw material-based products, agricultural byproducts, processed and low-priced manufactured goods. In 1990, China's 10 main product categories: crude oil, finished products from oil, coal, cotton cloth, cereals, fodder, tea, sea and river catches, meat, poultry accounted for 21.3 percent of our total exports. In comparative terms, our agricultural byproducts and processed goods were 42.6 percent of our 1990 total exports, while these same categories accounted for only 4.48 percent of Taiwan's exports. Industrial manufactured products made up 26.4 percent of our export, but 45.9 percent of Taiwan's. Even in terms of comparable textile goods, our products using basic materials of cloth and yarn accounted for a large proportion of our

total exports, but earned foreign exchange at a rate lower than textile products from Hong Kong and Taiwan. In addition, our export products now face difficulties of low product quality, lacking brand name recognition, and selling cheaply because of low quality, and are generally lacking in competitiveness. This pattern of low grade exports has unreasonably victimized China in the world economic system.

The above analysis is made to enable us to face up to the reality of the serious challenge ahead. Based on this analysis, the structural reforms in foreign trade we undertake henceforth must have the strategic goal of increasing our competitive strength in world trade. World economic and trade circles generally recognize that the so-called foreign trade competitiveness of a country basically means the ability of that country's foreign trade enterprises and entrepreneurs to operate successfully in an extremely competitive environment. If an enterprise is not able to act and react flexibly in the world market, there is no use talking about competitiveness. In other words, if a country's economic system and economic environment cannot provide or create advantageous conditions for its enterprises, then that country cannot begin to talk about its foreign trade competitiveness. In essence, therefore, the level of a country's foreign trade competitiveness is directly related to how its foreign trade system is planned or restructured, and what policy is selected to carry these out.

Concerned parties recognize that given the reality our country faces today, the crux to increasing our foreign trade competitiveness lies in actions in two areas. First, change the government's functional role vis-a-vis foreign trade from one of micro management to one of macro coordination; second, spur foreign trade enterprises on to the road of self-development and self-management. In our current system, the former is the main area of contradiction. Although the foreign trade reforms carried out during past years certainly showed the characteristic of government delegating management authorities, but this mainly involved the center delegating certain management authorities to the field and not really transferring management autonomy to the enterprises. At every department with administrative authorities over the enterprises and at every level of government, there is still the pronounced tendency to exercise administrative control over operations of the enterprises. Therefore, it is imperative that we continue to emphasize and actually implement the separation of government from foreign trade. The government must refrain from controlling everything in order to properly control certain things. This is a concept that must be recognized. If government departments responsible for foreign trade can actually micro-manage all activities of enterprises, delving into details of strategic planning, resource allocation, or certificate of approval, then they can hardly devote greater energy to analyzing and devising a strategy for expanding foreign trade, or to drawing up laws and regulations, and policies to deal with the continually changing scene in international

trade. For example, at this time when a large common market under the European Community is soon to be realized, enterprises in the U.S., Japan and South Korea have long before now started to analyze closely new product quality standards required by the common market, access to that market, etc., and to plan to site and build factories to ensure that they will hold positions of advantage in future competition. Their governments have also provided the enterprises with ample advisory and information services. But our enterprises, under controls of our foreign trade system, are constrained in making decisive managerial decisions and slow and insensitive in their responses, while government departments, also lacking in energy, drive and a sense of urgency, have neither policy guidelines nor any insightful and comprehensive information services to offer to enterprises. This situation deserves our serious deliberation.

China still retains the special characteristic of government departments directly managing enterprises, and naturally every department involved has its reasons for exercising this or that kind of management control. But it is precisely this kind of seemingly reasonable management that casts a net over enterprises from which they have difficulty escaping, and which ties the hands of the enterprises and cause them to lose out on many opportunities. For example, the integration of capital and labor which is encouraged as a matter of policy, and is a concept not in any dispute. But as a consequence of reasonable management by every department, enterprises find it difficult to proceed to integrate capital and labor. The fact that some foreign trade companies would rather not invest in China but go abroad to set up businesses is mainly because they have no other alternatives. The China National Cereals, Oils and Foodstuffs Import and Export Corporation [CEROILFOOD] has made sizable investments in the Southeast Asian area. It has invested in palm tree farms and oil extraction factories in Malaysia, participated in projects of building express highway in Bangkok and deep water ports in Thailand, and opened up diversified businesses and gained considerable economic benefits in return. These investments were made through Peng Li [7720 0448] Ltd., a shareholders holding company of CEROILFOOD in Hong Kong. Ten years ago, CEROILFOOD allotted Peng Li Ltd. HK\$ 5 million [Hong Kong dollars] to register to do business in Hong Kong. By relying on itself, accumulating assets and expanding the business, Peng Li today has investments abroad of over HK\$1.4 billion, and its own assets of HK\$550 million, a 110-fold increase in 10 years. The largest in-country enterprise of CEROILFOOD is the Shenzhen Nanhai Oils Industry Inc., capitalized at HK\$100 million using the joint Chinese and foreign investment formula basically in order to minimize the controls exercised by the system. The active overseas developments of CEROILFOOD provide us with important guidelines: first, enterprises possessing managerial independence are the most astute

investors and managers; second, under similar competitive conditions, Chinese enterprises have the same competitiveness and vitality as foreign enterprises; and third, increasing foreign trade competitiveness mainly depends on removing controls on enterprises and allowing them to freely operate.

Our country's foreign trade operates within a world trading system undergoing rapid changes, and survival of the fittest is the highest law that governs this world. To set as the strategic goal to increase our country's foreign trade competitiveness is extremely urgent. Therefore, our foreign trade's structural reforms henceforth must take as the basis and the point of departure those actions which benefit enterprises, which develop their international competitiveness, and which foster the growth of more and more foreign trade enterprises with vitality and an aggressive, enterprising spirit.

## AGRICULTURE

### Feed Production Key to Future Food Supply

92CE0316A Fengrun NONGYE QUHUA [AGRICULTURAL REGIONAL PLANNING] in Chinese No 6, 20 Dec 91 pp 10-13

[Article by Ma Zhongyu (7456 1813 3768) et al.: "Animal Feed Holds the Key To China's Future Food Problems"; the authors are affiliated with Northwest Agricultural University.]

#### [Text] I. Feed Grain Will Make Up the Bulk of China's Increased Grain Production

Since the Third Plenary Session of the 11th Party Central Committee, China has made great strides in grain production and its grain consumption mix has also changed dramatically. This is most evident in the steady increase in the share of feed grain relative to the total grain output. Under the Fifth Five-Year Plan, China's total grain production increased 37.81 million tons while feed grain increased 11.53 million tons, accounting for 30.45 percent of the total increase, and feed grain accounted for 17.61 percent of the total grain production. During the Sixth Five-Year Plan period, total grain production increased 54.09 million tons while feed grain increased 22.801 million tons, accounting for 42.51 percent of the total increase, and feed grain accounted for 20.15 percent of the total grain output. In the first four years of the Seventh Five-Year Plan period (1986-1989), total grain production increased 35.62 19 million tons, and feed grain increased 18.9433 million tons, accounting for 53.18 percent of the increase, and feed accounted for 22.03 percent of the total grain output. This trend is due mainly to the fact that as grain production increases and the population's basic food and clothing problems are solved, there is a need to improve the food consumption mix and increase the share of animal products in the mix of food, and this in turn causes the steady increase in feed grain proportional to

the total grain production. Gradually, feed grain is accounting for the bulk of the increased grain production.

Improving the mix of food that people consume and raising the nation's nutritional standard is a long-term mission. The report entitled "A Study of Several Strategic Issues in China's Agricultural Development" prepared by the National Agricultural Zoning Committee in 1983 summed up the Public Health Department's studies and showed that in order to generate the calories and protein needed to sustain an average person's normal activities and moderately vigorous physical labor, the food in-take per person per year should include 216 kilos of grain ration (unprocessed food grain,) 30 kilos of meat, 12 kilos of eggs and egg products, 30 kilos of dairy products, 9 kilos of aquatic products, 6 kilos each of vegetable oil and sugar, 120 kilos of vegetable, and 20 kilos of fruit. These foods supply 2,430 kilocalories and 75 grams of protein per person per day, with animal products supplying 21.8 percent and 25.6 percent respectively of the amount of calories and protein. As of 1985, the nation's per capita consumption of various types of foods was as follows: 251 kilo of grain ration (unprocessed food grain,) 14.6 kilos of meat, 3.7 kilos of eggs and egg products, 2.85 kilos of dairy products, 1.64 kilos of aquatic products, 4.24 kilos of vegetable oil, 5.40 kilos of sugar, 103.5 kilos of vegetable, and 3.4 kilos of fruit. These foods supplied 2552.7 kilocalories and 66.81 grams of protein per person per day, with 8.0 percent and 11.4 percent respectively of the calories and protein coming from animal products. Thus it is clear that China has an ample supply of grain to meet its needs, but the mix of food is supplying more than sufficient calories and not enough protein, and there is still a wide gap between the availability of animal products and the amount needed to satisfy the people's nutritional needs. All along, China has relied on the grain-dependent livestock and poultry industry in the agricultural belts for its source of animal products, and for this reason, besides producing more grain ration to guarantee the growing population's needs in the future, development in grain production should concentrate on increasing feed grain production.

#### II. Feed Grain Development Should Focus on Balancing the Feed's Energy and Protein Content

There are two aspects to developing feed grain production: improving quality and increasing quantity. Quantitatively, the goal for the year 2000 is to keep the nation's population at 1.25 billion and per capita grain consumption at 400 kilos, which calls for total grain production of 500 million tons, 92.69 million tons more than the 407.31 million tons produced in the peak grain-production year of 1984 under the Sixth Five-Year Plan. This will include 150 million tons of feed grain, 68.881 million tons more than 1984's 81.119 million tons, which will account for 30 percent of the total grain production and 74.3 percent of the increased grain output. From these figures, it is clear that the breeding and planting industry will make great strides and the

production of animal products will increase many folds. However, because population and grain production will increase at almost the same rate, per capita grain consumption of 400 kilos by the year 2000 is only 4.7 kilos more than the 1984 average of 395.3 kilos per person, and per capita feed grain consumption is not expected to increase by much more than that. Thus, by the year 2000, because of the increase in the absolute amount of grain and feed being produced, the breeding and planting industry will also develop accordingly, but it is not likely that per capita consumption of animal products will increase by much.

All along China has simply concentrated on increasing the amount of grain output and has neglected crop quality and has even ignored the difference between feed grain and grain ration. The energy and protein content of grain that serves as feed is grossly unbalanced, and feed conversion is very inefficient, thus seriously hampering the development of the country's livestock-raising industry. In 1985, the National Agricultural Zoning Committee's study group on "Chinese Land Resource Production Capability and Population Load Capacity" conducted a survey of the major potential feed-producing regions in various provinces (municipalities) and prefectures around the country and arrived at the conclusion that the energy-to-protein ratios of feed used in different regions varied significantly. The range was between 32 and 52, and the national average was about 41. These were considerably higher than the previously-stated optimal energy-to-protein ratio for pig-feed, indicating that China's feed grain was seriously deficient in protein content. Everybody knows that energy and protein work together inside the animal's body according to a fixed ratio, and deficiency in any one of the ingredients means the feed will not meet the livestock's physiological needs and will hamper their metabolism, causing slower growth, producing smaller animals, entailing a longer fattening period, and lowering the feed grain's rate of return. In 1985, China's average pig slaughter rate was 72.0 percent; each pig yielded only 50 kilos of meat and took as long as 19 months to grow—compared to the world averages of 101.0 percent, 74 kilos, and 12 months, respectively, for the same year, with the United States' slaughter rate being the highest, at 155.0 percent, and their pigs yielded an average of 122.0 kilos of meat, and the rearing period was only 6 months. China may account for 41.9 percent of the world's stock of pigs but only 28.4 percent of the pork produced, and although the United States only has 16.3 percent of the number of pigs China has, their pork production is 39.9 percent of ours. China's pig-rearing industry is inefficient and is behind world standards mainly because it does not distinguish between grain and feed and its feed has a high energy-to-protein ratio and is seriously protein-deficient. But China's livestock and poultry industry's lack of efficiency compared to other nations also means that this country still has great potential for increasing the production of animal products.

If we look at the history of feed resource development and production in the developed nations in other parts

of the world, we will notice the following three stages: The first is the low-quality energy feed stage. This is characterized by the mixing of grain ration and feed grain and the practice of feeding livestock with large quantities of cereals, such as paddy and wheat, which are suitable for human consumption but which have relatively low value as feed. The second is the high-quality energy feed stage. This is characterized by separating the production of grain ration from feed grain and specializing in the planting of such cereals as barley, maize, and oats which have high feed value. The third stage is the protein feed stage which develops and makes full use of legumes that are rich in protein and other protein-rich feed to supplement other protein-deficient cereals. This is also a period of vigorous development of the feed industry to produce feed varieties that have optimal energy-to-protein ratio and provide all the animal's nutritional needs to steadily raise the livestock-rearing industry's efficiency. Meanwhile, the structure of the cultivation industry also undergoes corresponding changes according to a fixed law, that is, it moves from the two-prong to a three-prong structure, and with the establishment and further evolution of the three-prong structure, the proportion of high-quality energy feed crops, legumes, oil crops and other protein-rich feed crops begins to increase. But in view of China's limited arable land and its multiple-crop cultivation system, on the whole it will be difficult to set aside land for feed cultivation only, and the proper restructuring of the cultivation industry will be to find the most effective way to move from the current low-quality energy feed stage onto the high-quality energy feed and protein feed stages as soon as possible. As for how to restructure the cultivation industry to suit local conditions and to readjust the mix of poultry and livestock, it is something we urgently need to find out.

### III. Ways To Restructure the Cultivation Industry and Develop Feed Production in China's Three Main Typical Agricultural Zones

In view of the fact that China has a large population, little land, and an acute shortage of agricultural products, the restructuring of the cultivation industry must satisfy the following three basic requirements: One, we must guarantee that grain production, including feed grain, will increase; two, we must stabilize and increase the crop area and total output of the main local grain and cash crops; three, we must pay equal attention to improving the quality and increasing the quantity of feed crops. According to this principle, we have set up local field experiments in the three main typical agricultural zones, namely, the paddy field region in the south, the irrigated region in the north, and nonirrigated land in the north, and have made a preliminary study of ways to restructure the cultivation industry and develop feed production in those regions. The major conclusions are:

1. The southern paddy field region: In 1985, this region's total feed consumption accounted for 62.33 percent of the nation's feed consumption and 22.10 percent of the region's own grain output. The energy-to-protein ratio

ranged between 42 and 52, averaging around 47.9, and this meant the region's feed had the highest energy-to-protein ratio and was grossly deficient in protein content. This region is China's main poultry and livestock producing base; it produces as much as 70.47 percent of the nation's pork. Thus, vigorously restructuring this region's cultivation industry to provide more high-grade feed for the livestock industry will play a critical role in increasing and ensuring the supply of livestock and poultry products.

From the point of feed grain varieties, except for some maize brought in from the north, the region's energy feed is made up primarily of low-quality energy feed, mainly paddy. This basically explains the high energy-to-protein ratio and protein-deficient feed found in the region. For this reason, to restructure the area's cultivation industry, we must aim at raising the proportion of high-quality energy and protein-rich feed crops. Experiments show that prospects are good for growing barley as feed in this region, and some localities should grow less wheat and plant barley instead. In areas where water conservancy facilities are lacking, instead of planting two crops of paddy, they should try one crop of maize and one crop of paddy or one crop of maize intercropped with soybean and one crop of paddy instead. Furthermore, for the southern paddy fields, only a little more than 100 million mu of land is fallowed in the winter, and the field may lay fallow for at most five months or so a year. Currently, one of the main reasons for allowing the land to lay fallow is that wheat and rape cannot tolerate excess moisture, are highly susceptible to diseases, and are low-yield and therefore not economically viable. Planting barley, broad bean, and pea which can tolerate excess moisture is a good way to make use of the idled resource. Experiments show that the above adjustments can increase local grain production by 10 to 20 percent.

With respect to the mix of livestock and poultry, while stabilizing and developing the pig-rearing industry, we should focus on the mix of feed available in the region and vigorously develop a breeding and planting industry more suited to feed which has a high energy-to-protein ratio. According to studies conducted by livestock and poultry nutritionists, poultry is more adapted to feed with high energy-to-protein ratio: For example, the optimal energy-to-protein ratio is 44-60 for ducks and 56-58 for egg-laying chickens (at 90 percent egg-laying rate) (see Boltone: Poultry Nutrition 80 (1963).) Thus the southern paddy field region should focus on developing the poultry industry.

2. The northern irrigated region: This region's feed grain supply is relatively tight. In 1985, its feed consumption accounted for 30.68 percent of the nation's total feed consumption and 18.07 percent of the region's own grain output. The feed's energy-to-protein ratio is 32.5, the lowest in the country. From the point of feed varieties, its energy feed is made up primarily of maize which is a high-quality energy feed. The main drawback is the

feed's low protein content. Thus, to restructure the northern irrigated region's cultivation industry, we must aim at raising the proportion of protein-rich feed crops. Wheat/maize combination is the region's main planting pattern. Looking at local production practices and the balance of supply and demand for different types of grain, the restructuring of the cultivation industry should focus on intercropping maize and protein-rich feed. Studies show that wheat/maize combination intercropped with soybean will clearly improve the feed mix and will help increase total grain output and will be the best way to develop the region's feed production. In addition, intercropping wheat/maize (ensiled) and soybean (ensiled) not only can significantly lower the feed's energy-to-protein ratio but can greatly increase total feed production. Controlled experiments show that this can increase the gross energy output of feed per unit cultivated area by 101.43 percent and crude protein output by 195.86 percent. But ensilage is not included in the state's total grain production statistics, and adding the fact the region's livestock and poultry mix is made up primarily of pigs at this time, feed silage development will be limited. According to an Academy of Agricultural Sciences study entitled "A Study of the Base Construction Plans for the State's Agricultural, Livestock, and Fishery Commodities," this region is very well suited for developing cattle production, and as the region's commodity beef production bases develop, prospects for developing feed ensilage will also improve.

3. The northern nonirrigated region: This region has an acute feed shortage, and fine feed is especially scarce. In 1985, the region's feed consumption only came to 12.95 percent of the nation's total feed consumption; the energy-to-protein ratio of its feed was around 35. From the point of the variety of grain feed, its energy feed is made up mainly of various autumn food grains and maize; protein-rich feed is in short-supply. Agricultural production is seriously hampered by the region's infertile soil. Since 1982, a series of experiments and studies have been made to deal with the above problems. The results show that the region should make increasing alfalfa crop by 10 percent based on total cultivated area its breakthrough point when restructuring its cultivation industry. This not only will help make the soil more fertile and increase food production but will also greatly increase the supply of high-quality feed and promote the development of its livestock-rearing industry. Grain yield per unit area can be increased by 20 percent, and the livestock rearing-industry can raise five more sheep per 100 mu of cultivated land.

In a nutshell, China's grain problem is mainly a feed problem. Restructuring the cultivation industry to suit local conditions and changing the grain-cash crop combination into a grain-feed-cash crop combination do not require substantial investment but is an economical and effective way to develop feed production, both in terms of quantity and quality.

**Commentator on Formalism in Literature, Art**  
*HK3103153892 Beijing WENYI BAO in Chinese*  
*29 Feb 92 p 1*

[Commentator's article: "Literature and Art Circles Should Also Guard Against Formalism"]

[Text] In a commentator's article, RENMIN RIBAO has relayed the voice of the central authorities by calling for "a change of style, firm grasp on implementation, and vigorous prevention of formalism." Literature and art circles should devote much attention to this view.

Various "ostentatious" activities within literature and art circles have been on the rise for some time: New release ceremonies are held whenever new books are published; ceremonies are held whenever productions of movies or television plays start; and innumerable symposiums, forums, awards ceremonies, and celebrations of different kinds have taken place. Although some should be held and good effects have been brought out, such activities are, generally speaking, excessive and redundant. Some senior officials in charge of literature and art are so swamped with various "ostentatious" activities that they cannot devote themselves to promoting the prosperity of socialist literature and art. Concomitantly, the general practice of going in for ostentation and extravagance spreads. Whenever public meetings are held, some departments are accustomed to rent guesthouses, give banquets, and also arrange for the presence of celebrities, invite television stations for shooting, and request reporters to cover the events; and apart from tasting delicious meals, every guest also receives a gift of considerable value.

Formalism is one of the manifestation of bureaucratism, and the crux of the spread of this practice lies in the leadership. It is beyond doubt that leading departments at all levels must vigorously implement policy decisions and arrangements of the party and the state, but as far as policy implementation is concerned, there are two contrasting attitudes in accomplishing a task. The first one is conscientiously grasping the spirit of the central authorities and conducting investigation and studies, combining the spirit of the central authorities with the concrete conditions of one's own front and department, adopting practical and feasible measures, firmly grasping implementation, and conscientiously doing practical work. This is an attitude truly responsible to the party and the people. Another kind of attitude is to make hardly any efforts to conscientiously grasp the spirit of the central authorities and conduct investigation and studies, but rather to do window dressing and fabricate stories to cheat higher authorities and try to please the public. This is not an attitude truly responsible to the party and the people. On the surface, behavior that originated from the second kind of attitude makes things vivid and dramatic. In fact, however, it never solves any real problem but squanders time, manpower, financial capacity, and material resources. Formalism squanders

money and manpower and bungles our great cause, and it cannot really be surmounted without great determination and vigorous efforts.

Our country is now at a critical stage in socialist construction and modernization; tasks faced by literature and art circles are very arduous. It is necessary to maintain the policy of "simultaneously grasping rectification and striving for prosperity" with the emphasis laid on the latter, and vigorously develop and improve socialist art production. Likewise, it is necessary to further strengthen the unity of the contingent of writers and artists, deepen the restructuring of literature and art, give play to every positive element in this domain, promote the function of spiritual inspiration of literature and art to help people resist the corrosive influence of bourgeois liberalization and of various corrupt ideologies, and encourage and inspire people to work harder to enrich their own new lives. The burden is heavy and the road is long, so there should not be any delay. Nothing can be achieved without a sound state of mind, a fine work attitude, and a good work style. The social effect of material production is tangible, but that of art production, which relies on the exertion of an imperceptible influence on people's thinking, is often intangible. Hence, it is often easier to have formalism in the domain of literature and art. It is necessary to educate cadres in charge of literature and art to strive to emancipate their minds so that they can work practically and realistically with a vision of the overall situation. Likewise, they have to carry forward the spirit of unselfish contribution and arduous innovation, and work on concrete matters in a down-to-earth manner. In no case should they be content with window dressings and keen on rushing to bustling occasions.

To overcome formalism, a restructuring of literature and art has to be simultaneously launched. As indicated by the RENMIN RIBAO commentator's article: "The work style is bound to be impractical with overstaffed organizations, excessive nominal posts, lax discipline, and ambiguous demarcation between reward and penalty. Hence, it is necessary to put the reform spirit into effect, which includes restructuring the cadre system and a gradual formation of a mechanism through which the practice of discarding nominal posts and working practically is encouraged. On the other hand, it is also necessary to improve and perfect various systems of inspection, appraisal through comparison, and commendation. It is necessary to hold on to systems which facilitate practical work, but those which become a mere formality and have little use, especially practices that waste money and manpower, should be discarded. Even for meetings, documents, and various performance assessment procedures which are really needed, it is necessary to pay attention to work quality and to improve efficiency. In short, with a view to advancing the great undertaking of reform and opening, we must work with the principle of seeking truth from facts and doing practical work."

**Overview of Nuclear Weapons Development**  
**92CM0194A Hong Kong KUANG CHIAO CHING**  
*[WIDE ANGLE] in Chinese*  
**No 232, 16 Jan 92 pp 46-52**

[Article by Ch'en Jui-Hsia (7115 3843 7209): "The Inside Story on the Development of China's Nuclear Weapons"]

**[Text] Nuclear Proliferation Issue Again Raises International Concern**

Due to the disintegration of the Soviet Union, the issue of the proliferation of nuclear weapons in the hands of the former Soviet republics is of late causing great concern in the West. At the same time, the Standing Committee of China's National People's Congress passed a decision on 29 December 1991 for China to join the Nuclear Nonproliferation Treaty. China's decision had actually been made during the visit by U.S. Secretary of State James Baker to China in November 1991, and it was for this reason that the United States has decided to rescind restrictions on the transfer of advanced computer technology to China.

**China Relies on Its Own Personnel and Resources to Develop Nuclear Weapons**

China successfully tested its first atomic bomb in October 1964, joining the ranks of countries in possession of nuclear weapons. In the past 27 years, China has carried out over 30 successful nuclear tests, and in late 1991 the Qinshan Nuclear Power Plant went on line, signalling the fact that the establishment of China's civilian nuclear technology system had gotten under way. In 1955, Mao Zedong and other Chinese leaders decided to establish China's own nuclear arsenal. China

and the Soviet Union signed six agreements between 1955 and 1958, one of which clearly stated that the Soviet Union would provide China with samples of its atomic bombs and missiles. This promise was not carried out. From 1958 to 1960, when Sino-Soviet relations were broken off, China relied on its own personnel and resources to develop nuclear weapons.

**Lanzhou, Jiuquan, and Haiyan**

China mobilized huge numbers of people and relied on its own personnel and material resources to develop its atomic bomb, setting up facilities for the production and processing of uranium and plutonium in northwestern China's Gansu province at the Lanzhou Uranium Plant and the Jiuquan Consolidated Atomic Energy Plant. A design laboratory (called Institute No. 9) was also set up in Haiyan, east of Koko Nor in Qinghai. In October 1959, China established its first test site at Lop Nor. An atomic bomb designed by China without outside help was tested successfully on 16 October 1964 at Lop Nor. Two years later, a missile carrying a nuclear warhead was successfully launched. On 17 June 1967, China successfully tested its first hydrogen bomb, advancing from nuclear fission to thermonuclear fusion in only 32 months, a feat which took the United States 86 months, the Soviet Union 75, England 61, and France 105. By December 1991, China was known to have established 34 nuclear sites for testing weapons with yields from a few thousand tons to 4 million (see table 1). China can now produce 300 nuclear weapons of at least five different yields and specifications, including weapons based on nuclear fission as well as fusion. On 21 March 1986, China announced that it had decided to stop atmospheric nuclear tests in order to comply with the international peace plan adopted by the United Nations. In December 1991 China decided to join the Nuclear Nonproliferation Treaty.

**Table 1. Time Table of China Nuclear Weapons Tests**

Order of Sequence	Date	Time (Greenwich)	Yield (tons)	Type
1	10/16/64	0700	20,000	tower-mounted
2	5/14/65	0200	20,000-40,000	air drop
3	5/9/65	0800	approx. 200,000	air drop
4	10/27/66	0110	20,000	missile
5	12/28/66	0400	300,000	tower-mounted
6	6/17/67	0019	3,000,000 (hydrogen bomb)	air drop
7	12/24/67	0400	15,000-25,000	air drop
8	12/27/68	0730	3,000,000	air drop
9	9/22/69	1615	25,000	underground
10	9/29/69	0840	3,000,000	air drop
11	10/14/70	0729	3,000,000	air drop
12	11/18/71	0600	20,000	atmospheric
13	1/7/72	0700	greater than 20,000	atmospheric
14	3/18/72	0600	20,000-200,000	atmospheric
15	6/27/73	0359	2,000,000-3,000,000	atmospheric

**Table 1. Time Table of China Nuclear Weapons Tests (Continued)**

Order of Sequence	Date	Time (Greenwich)	Yield (tons)	Type
16	6/17/74	0559	200,000-1,000,000	atmospheric
17	10/26/75	0059	greater than 20,000	underground
18	1/23/76	0600	low	atmospheric
19	9/26/76	0600	20,000-200,000	atmospheric
20	10/17/76	0500	low	underground
21	11/17/76	0600	approx. 4,000,000	atmospheric
22	9/17/77	0700	greater than 20,000	atmospheric
23	3/15/78	0500	greater than 20,000	atmospheric
24	10/14/78	1000	?	underground
25	12/14/78	?	greater than 20,000	atmospheric
26	9/13/79	?	?	?
27	10/16/80	0440	200,000-1,000,000	atmospheric
28	10/5/82	?	?	underground
29	5/4/83	?	?	underground
30	10/6/83	1000	?	underground
31	10/3/84	0559	?	underground
32	12/19/84	0600	?	underground
33	6/5/87	0500	?	underground
34	9/29/88	0659	1,000,000-2,000,000 (neutron bomb)	underground

**What is the Size of China's Nuclear Forces?**

In comparison with the United States and Russia, China has maintained a relatively small nuclear arsenal. It has about 330 nuclear warheads at present which can be launched from land bases, aircraft, and submarines. Ballistic missiles with ranges between 1,400 and 13,000 kilometers compose the majority of China's nuclear weapons. Solely in terms of range, the great majority of these missiles do not pose a threat to areas outside of Asia, but there are 10 missiles with intercontinental capacity which can strike some targets in Central Europe or North America. The great majority of China's missiles can carry one warhead. Multiple independently targeted re-entry vehicles (MIRV) and missiles with booster rockets are currently on the drawing board. A missile tested in 1986 is connected to MIRV testing (termed "one arrow, three stars" by the Chinese communists). Jiang Zemin, Chairman of the Central Military Commission (CMC), stated that China needs a few "cudgels" for its national defense.

**CMC Chairman Jiang Zemin Calls for Some "Cudgels"**

China has a bomber force with 120 to 140 aircraft of two different models capable of carrying 120 to 150 nuclear bombs. The part of China's land, sea, and air forces which has been the focus of recent development efforts is nuclear submarines and the submarine-launched ballistic missiles (SLBMs) which they carry. Because the electronics and chemical industries have had technical problems with solid rocket fuel and nuclear submarine reactors, the development of this force has not been fast, but several test launches

have been carried out, as has a test voyage. Some short-range tactical nuclear missile systems have already been put through field tests. China has carried out several low yield nuclear warhead tests (one of which was a neutron bomb). The use of simulated tactical nuclear weapons in live ammunition maneuvers has shown that China has the necessary weaponry and troops to carry out tactical nuclear missions. The U.S. Defense Intelligence Agency stated in a report that China "may be using" atomic demolition munitions (ADMs, also known as nuclear mines)

**China's Land-Based Missiles**

China has four different land-based ballistic missiles, known in the West as the CSS-1, CSS-2, CSS-3, and CSS-4 (CSS stands for China, surface-to-surface). China itself calls them the DF-2, DF-3, DF-4, and DF-5 (DF stands for "Dong Feng" [East Wind]). The DF-1 was an early short-range ballistic missile which is now out of service. A fifth type, the M-9, is currently in service with Chinese troops, and photographic evidence shows that it has been sold abroad. Dong Feng-2/CSS-1: China first deployed the Dong Feng-2 intermediate-range ballistic missile in 1966. The Dong Feng-2 has a range of approximately 1000 kilometers and can carry one 20,000-ton warhead. The U.S. Joint Chiefs of Staff believes that the Dong Feng-2 intermediate-range ballistic missile can hit targets in eastern Soviet Union and the nations on China's periphery, including some U.S. bases in the Far East. Since 1972, the deployment strength of the Chinese communist military has not increased noticeably. Although an important report in the West stated that the

Dong Feng-2 is out of service, it estimated that there are still 20 or 30 left. Dong Feng-3/CSS-2: This is an intermediate-range ballistic missile with a range of approximately 2500 kilometers. The U.S. Defense Intelligence Agency believes that it can strike central and eastern Europe. China first deployed the Dong Feng-3 in 1972, and it is estimated that current deployment stands at 60 to 80. These missiles (perhaps "several dozen") were sold to Saudi Arabia in 1987. Dong Feng-4/CSS-3: China began testing the Dong Feng-4, China's first quasi-intercontinental ballistic missile (ICBM), with a maximum range of 7000 kilometers, in 1976. This missile ranks between an intermediate/long-range ballistic missile and an ICBM. The U.S. Defense Intelligence Agency calls it "a limited-range ICBM." The Dong Feng-4 is also China's first multi-stage missile. It uses liquid fuel and can carry one 300-ton warhead. Although preliminary estimates indicated it could not reach Moscow, the missile has reportedly been fitted with boosters and can now hit Western Europe. This is China's first missile deployed in silos. Only 10 have been deployed so far, and it is surmised that this weapon represents the prelude to development of a full-fledged ICBM.

#### **China's ICBM**

Dong Feng-5/CSS-4: Development of the Dong Feng-5 began in 1970. It appeared for the first time during a test flight over the Pacific Ocean in May 1980. It has a range of 13,000 kilometers and can hit any target in the former Soviet Union, Europe, or North America. It is believed capable of carrying one 500-ton warhead. China has only deployed about 10 of these missiles so far.

M-9: The M-9 short-range tactical ballistic missile, with a maximum range of 600 kilometers, is similar to the U.S. Pershing I. China has sold this missile in arms exhibits. It is about 9 meters long, weighs about 6 tons, uses solid fuel, and can carry one nuclear warhead. The People's Liberation Army (PLA) has already deployed this missile in northwestern and eastern China, and has also sold it to Pakistan.

#### **Bombers: The H-6 and Q-5**

Improved bombers provide China with nuclear transport capability. China may have used bombers to drop 8 to 15 experimental nuclear devices. There are now two types of aircraft capable of carrying out nuclear bombing missions: the H-6 and the Q-5. These aircraft inherit the design of Soviet bombers, and the Chinese have upgraded the radar. China is currently developing the H-7.

Xian H-6: The Soviet Union began building this model in the early 1950s, and China began producing it in 1968. China currently has 120 to 140 deployed. Its operational radius is 3000 kilometers. The U.S. Joint Chiefs of Staff believes that the H-6 can reach about 50 major cities and industrial areas in the Soviet Union west of the Urals, as well as all U.S. allies in Asia, but its

ability to penetrate air defenses is relatively weak. It is not clear whether there are plans to develop a new supersonic bomber, as was discussed in 1987, in order to expand or replace transport capability. A new H-7 is currently being developed in Xian which is also capable of carrying out nuclear missions. The H-7 is a high priority project for China's Air Force, and will go into service in 1992 or 1993.

#### **Submarines Hit Snags**

China has encountered problems in developing nuclear-powered submarines and submarine-launched ballistic missiles (SLBM). These nuclear-powered submarines are known in the West as the Xia class. Development work passed through several stages in 20 years. By early 1990, China had built two Xia class nuclear-powered submarines, and there were three more in production. Western estimates place the total to be built at 6 to 12. In April 1981, China's first Xia class submarine was launched, and it began testing at sea in 1983. China announced in 1986 that this submarine had gone into service. China's SLBM is known in the West as the CSS-N-3 (the N stands for Navy), while China calls it the Julang-1. It has been through 30 years of development and testing. It is a two-stage missile. Its maximum range is estimated to be between 2,800 and 3,300 kilometers, and it can carry one warhead with a yield of between 200,000 and 1,000,000 tons. On 12 October 1982, a G class test submarine launched an SLBM. This was the first launch of this type of missile. This conventionally powered G class ballistic missile submarine has two missile launch tubes which were assembled in 1964 using Soviet components. It could possibly serve as a combat submarine in regional conflicts.

On 15 October 1985, it is possible that a test launch of a "Xia" class ballistic missile was unsuccessful. On 27 September 1988, China announced the launching of a Julang missile from a nuclear-powered ballistic missile submarine, the target being a spot 1,400 kilometers out in the East China Sea. An article published by the Chinese Communist military in 1989 revealed that China's nuclear-powered ballistic missile submarine forces are called "Force 09," and are led by a Rear Admiral Yang. In late 1985 and early 1986, a Chinese nuclear-powered ballistic missile submarine completed a 35,000-kilometer voyage and "broke the record of 84 consecutive days cruising underwater set by a U.S. submarine." In the spring of 1988, a Chinese nuclear submarine passed through the Taiwan Strait and into the South China Sea, carrying out "a successful test cruise at extreme depths." Although China has announced that its first nuclear-powered ballistic submarine has already gone into service, it is still not known whether it patrols with its missile on board. Apparently it will be a while before this nuclear submarine force performs routine missions.

#### **Other Nuclear Submarines**

Some of China's short-range launch systems can be used for nuclear missions. There are indications that China is presently working to adapt tactical nuclear weapons,

including atomic demolition munitions, for use in limited nuclear conflict. These nuclear mines can be laid in Chinese territory to prevent invading armies from using the quickest transportation routes. In 1982, the PLA carried out large-scale military maneuvers 700 kilometers south of the Chinese-Mongolian border, exploding in the air a nuclear bomb with a yield equivalent to a tactical nuclear weapon. It sent a mushroom cloud into the air. Local newspapers published a photo with the following caption: "An 'atomic bomb' explodes deep behind enemy lines." The fact that China is testing low-yield nuclear devices shows that the development of tactical nuclear warheads is under way.

#### **Why are the Chinese Communists Only Now Joining the "Nuclear Nonproliferation Treaty?"**

China officially came into possession of nuclear weapons in October, 1964. The Nuclear Nonproliferation Treaty was signed in 1968 and took effect in 1970. Although Communist China already possessed nuclear weapons and nuclear technology, it was barred from the United Nations. The Kuomintang authorities in Taiwan signed and approved the treaty at the time in the name of China. For this reason, the People's Republic of China has not joined the treaty for the past 20 years. For the sake of their own practical interests, nuclear nations such as the United States, England, and France have repeatedly invited China in recent years to join the treaty. When China does join in 1992, a written statement will have to be inserted proclaiming that when the Taiwan authorities signed and approved the Nuclear Nonproliferation Treaty on behalf of the China, their action was illegal and invalid. Nevertheless, although China did not join this treaty for 20 years, it has always followed a policy of not advocating, encouraging, or engaging in nuclear proliferation. China joined the International Atomic Energy Agency rather early on, and it has clearly announced its adherence to rigorous principles of non-proliferation of nuclear technology and equipment. China has not helped other nations to develop nuclear weapons. In recent years, some Western media have repeatedly stated that China was helping Third World countries to manufacture nuclear weapons, but all such statements have been completely unsubstantiated. Not long ago the United Nations obtained information on the manufacture of nuclear weapons by Iraq which showed that some of the technology, know-how, and equipment had been gotten illegally from Western nations, while none of it had come from China. As for the peaceful use of nuclear energy, some in the West have used prevention of nuclear proliferation as an excuse to

preserve their own monopoly over nuclear power, opposing China's development technological exchange with other countries in the area of civilian nuclear technology. However, China has stated that such opposition will have no effect. As for the proposal to join the Nuclear Nonproliferation Treaty, it was raised for the first time during the 22nd Standing Committee session of the 7th National People's Congress in October 1991. China's Deputy Minister of Foreign Affairs Liu Huaqiu [0491 5478 4428], who had been requested by the State Council to introduce the proposal, stated that although the treaty had some flaws, it was of positive significance on the whole, had played an important role in preventing the proliferation of nuclear weapons, and was conducive to world peace and stability. During its 22nd session the Standing Committee deliberated the proposal but did not put it to a vote. After three more months of study, the proposal was voted on in the 23rd session and passed by a vote of 114 to 1. Some persons deeply concerned about the development of nuclear weapons have stated that because the United States and a few of the former Soviet republics still have sufficient nuclear arsenals to destroy all of humankind, they should shoulder a special responsibility for preventing nuclear proliferation. U.S. Secretary of Defense Richard Cheney stated, "Even though the former Soviet Union has totally collapsed and is in utter chaos, it has continued in the past few weeks produce more nuclear weapons." When the United States and Russia continually manufacture nuclear weapons, it constitutes a type of domestic proliferation; this phenomenon must be stopped if proliferation across national borders is to be prevented.

#### **China's Nuclear Strength Gives it a Bargaining Chip in Diplomacy**

China seems to have two main nuclear aims: The first is to preserve its capability for nuclear retaliation and maintain its position as a major Asian power. Second, China is the only developing nation with nuclear weapons. China has declared that it has a duty to break up the superpower "nuclear monopoly." The fact that China has nuclear weapons means that developed Western nations cannot ignore it. However, China is not interested in becoming a superpower or engaging in an arms race because its resources would be exhausted and it would be difficult to achieve its goal of economic modernization. China has no way of arming its conventional forces with costly modern equipment. The only way for China to pursue Deng Xiaoping's program of modernization is to maintain friendly relations with as many nations as possible, keep a low profile and bide its time, and direct its energies to improving its economy.

## SOUTHWEST REGION

**Sichuan Provincial Government Work Report**  
*HK1003021092 Chengdu SICHUAN RIBAO in Chinese*  
*12 Feb 92 pp 1, 2-3*

[By Zhang Haoruo (1728 4110 5387): "Government Work Report—Presented at Fifth Session of Seventh Sichuan Provincial People's Congress (17 January 1992)"]

[Text] On behalf of the Sichuan Provincial People's Government, I now submit to the present session a government work report on the outline of Sichuan's 10-Year Program for National Economic and Social Development and Eighth Five-Year Plan to the present session for discussion in connection with the "Outline (draft)." Views and suggestions of the provincial people's political consultative conference members present are welcome.

### I. Basic Ground for Drafting Outline of 10-Year Program, Eighth Five-Year Plan

Under the correct leadership of the CPC Central Committee, the State Council, and the Sichuan Provincial CPC Committee and thanks to the supervision and support of the provincial people's congress and its Standing Committee, in the 1980's, following the Third Plenary Session of the 11th CPC Central Committee, the provincial people's government mobilized the people of all nationalities throughout the province to focus attention on economic construction, upheld the four cardinal principles, adhered to reform and opening up, earnestly implemented the party's principles and policies, vigorously fulfilled the Sixth and Seventh Five-Year Plans, attained the first-step strategic objective ahead of schedule, and laid a solid foundation for national economic and social development in the 1990's.

—The comprehensive development of the rural economy. Compared with 1980, Sichuan's total agricultural output value rose 69.9 percent in 1990, or an annual increase of 5.4 percent. Grain output totaled 42,663 tons, up 24.1 percent. Output of cotton, edible oil, live hogs, aquatic products, fruit, and other major cash crops and farm and sideline produce all increased by a wide margin. Total output value of township enterprises amounted to 45.92 billion yuan and the laborers employed accounted for 30 percent of the surplus rural labor. A number of water conservancy projects and grain, cotton, live hog, and fruit commodity production bases were built. Marked results were achieved in the three major projects of water and soil conversion in the Chang Jiang, establishing shelter-forests along the Chang Jiang, and transformation of medium- and low-yield fields. Aggregate power of farm machinery reached 12.6 million watts and the conditions of agricultural production improved.

—Industrial production topped a new level. Sichuan's total industrial output value in 1990 reached 122.295 billion yuan, an increase of 198 percent over 1980 or

an annual growth of 11.5 percent. Of the major manufactured goods, generated power and the output of cement, trucks, raw silk, tobacco, washing machines, and television sets doubled or redoubled. Output of steel rose 50.5 percent; pig iron, 57.7 percent; chemical fertilizers for farm purposes, 39.4 percent; coal, 74.1 percent; and gas, 5.5 percent. Around 50 percent of Sichuan's industrial enterprises underwent technical transformation. Initial results were achieved in readjustment and reorganization of ordnance enterprises and gratifying progress was made in turning ordnance enterprises into civilian ones. During the Seventh Five-Year Plan, 140 mineral bases were discovered, of which 116 could be exploited.

—Investment in fixed assets turned into new production capacity and the infrastructure was further enhanced. During the 10 years, Sichuan's investment in fixed assets totaled 139.98 billion yuan, which included 96.91 billion yuan invested by the public sector. A total of 75 large and medium capital construction projects were completed and put into operation. The Chongqing Nantong Mine, Huayingshan Power Plant, Chongqing Power Plant, Neijiang Baima Power Plant, Chengdu Heat and Power Plant, Yuzixi Power Plant, Xinan Aluminum-Processing Factory, Fanzhihua Mining Company, and Chengdu-Chongqing Electrified Railway were completed and put into operation. New production capacity in capital construction of state-owned units includes: 2.826 million kilowatts of power-generating capacity, 8.519 million tons of coal, 158,000 tons of chemical fertilizers, and 36,000 tons of chemical fibers. The conditions of transportation and communications improved remarkably. Over 97 percent of the towns of all counties (cities) throughout the province had highways. The channels to and from 18 large and medium cities were transformed and 77 new air routes connecting Sichuan with other parts of the country were opened. The programmed telephone exchange network was established in eight cities, long-distance dialing service was available in 65 cities and counties, 13 cities had international trunk call services, and 117 counties had dial telephone services. Water supply and drainage, gas, heat, highway, hygiene, and other facilities closely related to urban functions and the people's livelihood were completed and put into operation.

—A new situation was created in opening up to the outside world. Since reform and opening up, Sichuan has set up 24 pairs of friendship cities with 10 countries including the United States, France, and Japan; established economic and trade contacts with over 120 countries and regions; and further expanded the scope of external exchanges and cooperation. The volume of Sichuan's foreign trade in 1990 totaled \$1.36 billion, which included \$1.12 billion in exports, a twenty-nine-fold increase over 1980. The export structure improved markedly. The proportion of farm and sideline produce dropped from around 40 percent a decade ago to 9.4 percent, while that of manufactured goods rose to 65.1 percent. Sichuan absorbed \$330 million of foreign capital and established 231 new

foreign-funded enterprises. The province signed contracts for overseas projects worth \$230 million and the business volume amounted to \$160 million. We received 201,000 foreign friends, Overseas Chinese, and Hong Kong, Macao, and Taiwan compatriots who came for visits or tourism, an increase of 500 percent over 1980. At the same time, Sichuan strengthened its connections with other provinces, cities, and regions and gradually expanded the scope of cooperation and exchanges in capital, technology, materials, circulation, and other fields.

—Economic development of the minority nationality regions was accelerated and marked progress was made in supporting the poverty-stricken areas. Total output value of industry and agriculture of Sichuan's nationality autonomous regions amounted to 4.624 billion yuan, an increase of 110 percent over 1980. Output of pork, mutton, and beef reached 256,000 tons, a rise of 145 percent. During the Seventh Five-Year Plan, Sichuan started the work of supporting the poverty-stricken areas in light of the State Council's overall plan. By 1990, average income of the peasants in the poverty-stricken counties reached 428 yuan, 255 yuan more than in 1985 or an increase of 147 percent. Of the 16 poor counties included in the state plan, 15 passed the poverty line; of the 32 poor counties included in the province plan, 28 passed the poverty line. Average income of the 11.13 million poor peasants throughout the province exceeded 200 yuan. Some 10.32 million peasants had an average of over 300 kg of grain, accounting for 93 percent of the total. The target set by the State Council that the problem of food and clothing for most of the poverty-stricken areas must be resolved during the Seventh Five-Year Plan has been attained in Sichuan.

—Headway was made in science and technology, education, culture, and other social undertakings. During the 1980's, the province's scientific research institutions made 8,751 achievements, of which 3,043 won provincial awards, 272 won national scientific and technological progress awards, 154 won invention awards, and 14 won natural science awards. Elementary education was stepped up. In 1990, there were 9.2665 million pupils in primary schools, the attendance rate of school-age children reaching 96.4 percent. Elementary education was popularized in 168 counties (cities). Secondary vocational and technical schools developed rapidly. The branches of learning of universities and colleges were readjusted somewhat. The institutions of higher learning enrolled 5,545 postgraduates and had a student body of 141,000. During the decade, 272,000 students graduated from universities and colleges and 11,000 postgraduates completed their degrees, offering large numbers of qualified personnel to the socialist modernization program. A change was effected in adult education from schooling to in-post training. Literature and art, press and publication, radio and television, medical and public health, and other undertakings developed healthily. Great achievements were made in family planning. Thanks to the excellent performance of

Sichuan's athletes at the Sixth National Games, the province became one of the country's top six. At the 11th Asian Games, Sichuan's athletes captured 22 gold, eight silver, and two bronze medals. The level of the province's athletics and mass sports was further upgraded.

—The people's living standards improved enormously. With the development of socialist construction, urban and rural markets remained brisk and the people's living standards improved continuously. The value of Sichuan's 1990 retail sales totaled 54.53 billion yuan, an increase of 260 percent over 1980 or an annual rise of 13.6 percent. Per-capita income of urban inhabitants for living expenses was 1,354.4 yuan, up 280 percent from 1980 or an annual growth of 14.2 percent. Per-capita net income of the peasants was 505.2 yuan, up 170 percent or an annual increase of 10.4 percent. The number of high- and medium-class durable consumer goods possessed by urban and rural inhabitants increased sharply and living conditions improved markedly. The balance of Sichuan's savings deposits was 36.244 billion yuan, a 15.4-fold rise in 10 years or an annual increase of 32.3 percent.

—Economic strength was enhanced somewhat. Sichuan's 1990 gross national product [GNP] totaled 114.66 billion yuan, national income reached 96.31 billion yuan, and total social output amounted to 226.1 billion yuan, increases of 120 percent, 110 percent, and 150 percent or annual rises of 8 percent, 7.6 percent, and 9.6 percent respectively over 1980. Sichuan had a total of 45,000 industrial enterprises, with fixed assets worth 84.93 billion yuan.

Thanks to efforts made over the past three years, the tasks of economic improvement and rectification have been completed, inflation has been brought under control, the contradiction between supply and demand has eased somewhat, economic order has taken a favorable turn, and the national economy has embarked on the track of normal development.

Sichuan scored tremendous achievements in national economic and social development in the 1980's, bringing profound changes in the province's outlook. The province enjoyed economic, political, and social stability, which was a victory of the party's correct line, principles, and policies as well as the result of the concerted efforts of the Army and people of the whole province to overcome difficulties and fight in solidarity.

The following are the most important experiences drawn from Sichuan's reform, opening up, and modernization program in the 1980's: First, upholding party leadership, sticking to the ideological line of seeking truth from facts, and integrating the principles and policies of the central authorities with Sichuan's reality. As Sichuan is a large agricultural province, agriculture is the foundation of its economic development and social stability. In light of these basic provincial conditions, we regarded agricultural development and rural stability as a primary issue for comprehensively developing Sichuan's economy, took the lead in introducing reform in the countryside,

implemented the system of contracted responsibility with payment linked to output, explored the new political power system at the grass-roots level separating government affairs from rural management, improved and stabilized the rural policies, implemented the measures of boosting agriculture with science and education, and paid close attention to the transfer of surplus rural labor. In connection with Sichuan's realities of being a big province, a low level of productive forces, imbalanced economic development, and many counties depending on small enterprises, collective enterprises, and township enterprises for revenue, we paid attention to large and medium state enterprises on the one hand and small enterprises, urban collective enterprises, and township enterprises on the other, and gave guidance to the development of the individual, private, and other economic sectors so that they could help and complement each other. In the face of the weak agricultural foundation and urban facilities and backward basic industries, particularly the energy, transportation, and raw materials industries, Sichuan adopted the policies of "supporting the power industry with electricity" and "supporting the gas trade with gas," increasing the prices of highway maintenance and coal, and developing agriculture-related industries in capital construction, concentrating forces to promote a number of energy-, transportation-, and agriculture-related industries and building a number of water conservancy projects, which strengthened the weak links of the national economy and comprehensively upgraded Sichuan's economic development. Second, adhering to reform and opening up. Sichuan is one of the provinces which first carried out reform explorations. The success of rural reform based on the system of contracted responsibility on a household basis with payment linked to output stimulated Sichuan's urban economic structural reform, which started with the experiments conducted in a hundred enterprises and gradually developed to all-round reform of planning, finance, taxation, banking, materials, commerce, foreign trade, prices, labor and wages and implementation of various responsibility systems focused on invigorating enterprises, and built and developed a market system. At the same time, Sichuan introduced reform of the scientific and technological, education, and political systems. With the deepening of reform, an ownership structure characterized by the coexistence of various economic sectors based on the predominance of the public sector has gradually taken shape. The unitary distribution system has changed to one based on distribution according to work, supplemented by other distribution forms. The overcentralized planned economic system has changed to a system which integrates planned economy with market regulation. The economic structural reform has aroused the initiative of various fields, which will effectively tap the latent production potentials restrained for a long time in the past and promote Sichuan's economic and social development. In opening up to the outside world, we strengthened our contacts, cooperation, and exchanges with neighboring provinces and cities, further extended international exchanges, expanded the channels and fields of foreign economic

and trade and scientific, technological, and cultural exchanges, imported badly needed technology, capital, and advanced management experience, widened our field of vision, brought about a change in concepts, and accelerated our own development. Practice has proved that reform and opening up in the 1980's was the motive force for us to attain tremendous achievements. Without reform and opening up, today's Sichuan would not exist. Third, adherence to simultaneous building of socialist material and spiritual civilization. Under the leadership of the central authorities with General Secretary Jiang Zemin as the core, following the Fourth Plenary Session of the 13th CPC Central Committee, we earnestly summed up experience, corrected mistakes, laid down a series of policies and stipulations including the "Five-Year Plan for Building Socialist Spiritual Civilization in Sichuan," strengthened ideological and moral education, extensively carried out the mass activities of building socialist spiritual civilization, launched the struggle of wiping out "six vices," including pornography, purified the social environment, and brought about a flourishing mass culture. For the sake of strengthening the legal system, education was conducted to popularize the law. Meanwhile, Sichuan focused attention on developing education, science, and technology and controlling population growth, which improved the moral values and scientific and cultural quality of the people of the whole province, achieved fruitful results in building spiritual civilization, and promoted the province's economic and social development.

While affirming the achievements, we should also be aware of the difficulties and problems, which included: The prominent structural problems, poor efficiency and lack of vitality of the state enterprises, large and medium ones in particular, shortage of capital for production and construction, and clogged circulation for farm and sideline produce. These difficulties and problems are due to historical and geographical as well as work factors. As Sichuan has a large population with a weak economic, agricultural, energy, and transport foundation, the contradictions of the economic structure are acute. During the period of economic improvement and rectification, we tried to readjust the economic structure. Because of our limited strength, however, the readjustment was rather difficult. To fundamentally resolve these problems, it is necessary to undergo a gradual process and carry out meticulous and persistent work. Subjectively speaking, we were deeply influenced by the concept of the product economy and lacked a sense of commodity economy. As a result, our economic operation mechanism was not as flexible as that in the coastal areas and the steps we took to open up to the outside world were not as big as the ones of the coastal areas. For a considerable period in the future, we must continue to emancipate the mind, increase our sense of opening up, continue to deepen reform, and improve the economic operation mechanism.

Despite the tremendous successes achieved by Sichuan in the 1980's, we are facing a number of difficulties and

problems. There are successes as well as problems and hope as well as difficulties. This is Sichuan's reality and our basis and grounds for drafting the 10-Year Program and Eighth Five-Year Plan. In the drafting of Sichuan's 10-Year Program and Eighth Five-Year Plan, which took three years, we organized several large surveys and deliberations. The stress was put on correctly assessing the international and domestic situation, analyzing the status quo of Sichuan's social economy as well as developing trends, and taking full account of the sound foundation and favorable conditions as well as the problems and difficulties. The purpose was to make the program and plan more realistic and operable.

## II. Main Objectives, Basic Guidelines for the 1990's

The 1990's will be a very important development stage for Sichuan's modernization program. In light of the spirit of the "Outline of the PRC's Eighth Five-Year Plan and 10-Year Program for National Economic and Social Development" and in connection with Sichuan's reality, the "Outline of Sichuan's Eighth Five-Year Plan and 10-Year Program for National Economic and Social Development" put forward the following basic requirements for attaining the second-step strategic target:

- While attaining better economic results and optimizing the economic structure, the GNP, calculated according to fixed prices, by the turn of the century should quadruple the figure of 1980;
- Establish an economic structure and operation mechanism suited to the development of a socialist planned commodity economy based on public ownership which combines planned economy with market regulation, and make headway in opening up to the outside world;
- The rational industrial structure and regional economic distribution will gradually be modernized. Agriculture, transportation, communications, energy, raw materials, and other basic industries will be generally suited to economic and social development. Both the existing and latent advantages will be brought into full play. Comprehensive development of the resources in Panxi and Chuannan will start and the leading industries and products with regional characteristics will begin to take shape.
- Education, science, and technology will develop markedly and the scientific and cultural quality of the people of the whole province will improve. The quality of economic growth and overall quality of the national economy will improve remarkably. Scientific progress will play an increasingly important role in economic development.
- The building of socialist spiritual civilization should reach a new level and the socialist democratic and legal system should be further improved.
- The people's living standards should improve from having enough to eat and dress to a comparatively well-off level. There will be abundant means of livelihood, the consumption structure will tend toward

rationality, cultural life will be enriched, health will continue to improve, and social services and facilities will improve markedly.

These requirements can be summed up as: "Boost science and education, increase efficiency, quadruple, reach the comparatively well-off level, and increase staying power." Organically connected, these factors complement each other and express the keen desire and ambition of the people of the whole province to revitalize Sichuan. We should stress overall economic growth as well as economic quality and better efficiency, economic construction as well as economic structural reform and opening up, economic development as well as all-round social progress, and attainment of the second-step strategic objective by the turn of the century as well as laying a material and technological foundation for Sichuan's sustained economic and social development in the early period of the next century and providing guarantees in economic structure and political, ideological, and other fields. In practical work, we should properly combine these factors and implement them in all-around way. The comparatively well-off target set by the "Outline (draft)" is general and the specific level reached by different localities may vary. On the whole, Sichuan must attain this target. We should continue to make efforts in this regard.

Regarding the basic guiding principles of the 10-Year Program and Eighth Five-Year Plan, the "Proposal" of the CPC Central Committee and the "Outline of the PRC's Eighth Five-Year Plan and 10-Year Program for National Economic and Social Development" have set forth explicit requirements for the whole country. In light of the general requirements of the party and state, the "Outline (draft)" stresses: It is necessary to uphold the four cardinal principles and unswervingly follow the socialist road with Chinese characteristics; steadfastly promote reform and opening up; unflinchingly maintain sustained, steady, and coordinated development of the national economy and always regard increasing economic efficiency as the focus of all economic work; firmly implement the policy of self-reliance, plain living, and building the country through thrift and hard work; and unswervingly implement the principle of simultaneously building socialist material and spiritual civilization. These are the basic guiding principles Sichuan must follow in its Eighth Five-Year Plan and 10-Year Program for National Economic and Social Development. These principles must be resolutely implemented to the letter. We should connect the specific implementation with Sichuan's reality and resolve the following problems:

1. Always take measures conducive to the development of productive forces as the fundamental criterion to measure and test all work. Vigorously developing productive forces, creating abundant material wealth, continuously improving the people's living standards, and offering a material foundation for the building of socialist spiritual civilization constitute the fundamental purpose of China's socialist modernization program as

well as the fundamental guarantee for us to resist "peaceful evolution" and make the socialist cause invincible. The whole province should focus attention on economic construction, carry out economic construction with one heart and mind, propose and study problems and resolve them focused on economic development, work out plans for arrangements, and make concerted efforts to fight well the battle of economic construction. In the course of economic construction, it is necessary to correctly handle the major proportional relations of the national economy, maintain unity of growth and efficiency, and regard increasing economic efficiency as the focus of all economic work.

2. Further emancipate the mind and boldly and profoundly promote reform and opening up. As Sichuan is a land-locked province and its conditions for developing commodity economy are inferior to those of the coastal areas, it is all the more necessary to deepen reform, improve the economic structure, operation mechanism, and economic policies, and fully arouse people's enthusiasm. On the premise of upholding the four cardinal principles, we should enlarge the scope of reform and opening up so that reform will be further deepened, the door will be opened wider, and fruitful results will be achieved. Through reform and opening up, we should appropriately resolve the problems in current economic and social life, promote the development of productive forces, invigorate socialism, consolidate and perfect the socialist system, and open up a wider path and offer greater motive force and guarantees for Sichuan's economic development and all-round social progress.

3. Adhere to the ideological line of seeking truth from practice and proceeding from practice. The party's historical experience has time and again proved that the party's socialist cause will prosper when it sticks to the ideological line of seeking truth from practice and proceeding from practice. The party's cause will suffer setbacks if it deviates from this ideological line. Sichuan's agriculture is proportionally large and the foundation of its basic industries and infrastructure is relatively weak. We have the limitations of a large population and less cultivated land, but we also have natural resources that are not fully utilized and the advantages of science, technology, and ordnance enterprises in the interior. We have a considerable number of large and medium state enterprises, a hinterland basin where commodity economy is relatively developed, large numbers of small enterprises, collective enterprises, and township enterprises as well as mountain areas and minority nationality areas with a poor economic foundation. While advancing along the road to prosperity, we should take these characteristics fully into account and draft realistic policies. The development road of "relying on science and education, readjusting the structure, Army-people unity, urban-rural integration, establishing a foothold in the basin, and developing the two flanks of Sichuan" and the guiding ideology of "coordinating the activities of urban and rural areas and attaching importance to industry and agriculture" were determined

realistically and in light of Sichuan's actual conditions. In the 1990's, Sichuan will continue to give priority to the construction of agriculture, water conservancy works, transportation, communications, energy, essential raw materials, and other basic industries and facilities. The development and enhancement of these fields will lay a solid foundation for economic development. It is necessary to rely on scientific and technological progress, accelerate technical transformation and reorganization of existing enterprises, particularly the ordnance enterprises and processing industries in the interior, develop all kinds of resources which have high value and which are badly needed for national economic development, and fully tap latent potential. In light of the principle of laying equal stress on urban and rural areas and on large and small enterprises, we should run well the rural as well as the urban economy and large and medium as well as small state enterprises and collective and township enterprises, and continue to guide the appropriate development of the individual, private, and other economic sectors.

4. Adhere to the development strategy of revitalizing Sichuan with science and education and genuinely bring economic development onto the track of relying on scientific and technological progress and improving the quality of laborers. Science and technology constitute the primary productive force, while education is the foundation for improving the quality of laborers and developing science and technology. In the final analysis, revitalization of the rural economy depends on scientific and technological progress and extensive application of scientific and technological achievements. To attain better economic efficiency in industry, we can only rely on science and technology and take the road of intensive development. We should unswervingly place science, technology, and education in a strategic position, strive to improve the scientific and cultural quality of the people of the whole province, and improve the overall quality of the national economy. It is necessary to implement the measures of revitalizing Sichuan with science and technology; deepen reform of the scientific, technological, and education structures; perfect the scientific and technological policies; establish an impelling mechanism which applies scientific and technological achievements; make the most of the available national defense scientific research forces; and transform scientific and technological achievements to actual productive forces as quickly as possible.

The "Outline (draft)" submitted to the session for deliberation and approval has combined the Eighth Five-Year Plan with the 10-Year Program. Because of the indefinite factors in social economic development, the "Outline (draft)" could only set the main targets, basic tasks, major principles and policies, and essential quotas rather than elaborate the 10-Year Program in detail. As the Eighth Five-Year Plan is to be implemented immediately, there are more targets as well as detailed items. Nevertheless, the stress will also be put on principles, tasks, and policies for economic and social development

and overall planning of reform and opening up. While implementing the Eighth Five-Year Plan, it is necessary to readjust and revise certain set targets in light of the actual circumstances. In the latter period of the Eighth Five-Year Plan, we will have to draft the Ninth Five-Year Plan.

### III Main Contents of 10-Year Program and Eighth Five-Year Plan

#### 1. Major Tasks for the Eighth Five-Year Plan Period and the Coming Decade

In line with the 15-character strategic development goal of "rejuvenating science and education, enhancing economic efficiency, quadrupling 1980's GNP, enabling our people to lead a fairly comfortable life, and reinforcing our strength for potential development," the "Outline (draft)" has put forward the following major tasks for the coming decade and the Eighth Five-Year Plan period:

—Economic structural reform should be deepened and opening up further expanded in a comprehensive way. In accordance with the principle of integrating a planned economy with market regulation, efforts should be made to expedite an all-positioned economic structural reform; gradually set up an independent and self-restrictive enterprise mechanism by which an enterprise assumes full responsibility for its own profits, losses, and development; initially build up a social insurance system composed mainly of pension, job-waiting, and medical insurances; speed up the establishment of various markets, especially markets of such key elements as capital, technology, and labor service; improve the macroeconomic control and regulation system; perfect the management mechanism of foreign trade; and initially set up a new system of socialist planned commodity economy by the end of this century. Strides should also be taken to earnestly implement and put into effect a diversified market strategy which "wins victory through fine quality," make a success of foreign economic relations and trade, further improve the investment environment, and expedite the pace of assimilating foreign investment.

—The construction of basic industries and facilities such as agriculture should be strengthened. Efforts should be made to reinforce the foundation of agriculture, establish the status of water conservancy as a basic industry, vigorously strengthen the basic water conservancy construction of farmland, make a success of afforestation, improve the basic conditions of agricultural production, give impetus to the rejuvenation of agriculture through the application of science and technology, enhance the comprehensive productive capacity of agriculture, maintain stable growth in the output of major agricultural and sideline products, enable the output of grain to break a new record of 45 million tons, and bring about greater development to township and town enterprises. It is also necessary to vigorously promote transportation and telecommunications, energy, and major basic industries of seriously

deficient raw materials so as to gradually alleviate contradictions between the supply and demand for transportation and telecommunications, energy, raw and semifinished materials, and urban basic facilities; and to basically bring about a balanced supply and demand for electricity throughout Sichuan.

—Processing industries should be transformed and renovated. Based on the existing foundation, we should make structural readjustments, strengthen management and technical renovation, and bring into play the potential of existing enterprises; gradually complete the process of readjusting and transforming military industrial enterprises in remote regions away from coastal areas; bring into better play the superiorities of the mechanical and electrical industry; strengthen a number of trades under the light and textile industry; and produce quality and competitive products and organize a number of enterprise groups which enjoy good reputations in both domestic and overseas markets.

—The development pace of science and technology as well as education should be speeded up. Efforts should be made to deepen the structural reform of science and technology; perfect policies guiding scientific and technological development; basically set up a new system which closely integrates science and technology with the economy; strengthen the contingent of scientific and technological personnel; enhance enterprises' ability to produce greater results in scientific and technological research; and accelerate the process of turning scientific and technological achievements into commodities. By the end of the Eighth Five-Year Plan period, the application rate of scientific and technological achievements should be raised from the existing about 17 percent to over 20 percent; while the contribution of scientific and technological progress to overall economic growth should be enhanced from the present 35 percent to over 45 percent. It is also necessary to deepen the structural reform of education, readjust the educational structure, place moral education before everything else, and enhance the quality of education and efficiency in running schools.

—Regional economic development should be well-coordinated. In line with the concept of relying on Chengdu and Chongqing, basing ourselves in the center of the Sichuan Basin, developing the two sides, and bringing along the entire province, we will try to enhance the economic quality of Chengdu and Chongqing; activate the comprehensive exploration of natural resources in areas west of Panzhihua City and in southern Sichuan; and start the construction of a number of major guidance projects in the fields of transportation and telecommunications, energy, raw and semifinished materials, and water conservancy. Solid results should be scored in assisting poor areas with the aim of enabling "old revolutionary areas, areas inhabited by minority nationalities, border areas, and poor areas" to extricate themselves from poverty, get rich, and have a greater ability to rely on themselves for further development.

—Corresponding development should be attained in various social undertakings. Great efforts should be taken to control population growth, promote sports and public health, make culture and arts flourish, strengthen ideological and political education, enhance the ideological morality and the scientific and cultural quality of both urban and rural residents, and push the building of socialist spiritual civilization to a new level. Strides should also be taken to reinforce environmental protection, intensify control over public security, and do a good job in labor and employment work.

## 2. Major Comprehensive Indexes of Economic and Social Development

Proceeding from Sichuan's goals and tasks of economic and social development by the end of this century and in accordance with the principle of necessity and possibility, the "Outline (draft)" has set out the following various comprehensive indexes in light of the realistic conditions of Sichuan:

—The scale and speed of economic growth. It has been stipulated in the "Outline (draft)" that in terms of 1990 prices, the GNP in the last decade of this century should increase at an average annual growth rate of 6 percent. By 1995, the GNP of the entire province should reach 152 billion yuan, up by 32.6 percent over 1990 at an average annual growth rate of 5.8 percent; the national income, 126 billion yuan, up by 30.7 percent over 1990 at an average annual growth rate of 5.5 percent; and the total industrial and agricultural output value, 277.5 billion yuan, up by 36.6 percent over 1990 at an annual growth rate of 6.4 percent. Of the total, the total industrial output value should reach 190.5 billion yuan and the total agricultural output value 87 billion yuan, respectively, up by 46.9 and 18.2 percent at average annual growth rates of 8 and 3.4 percent. The scale and speed set by the "Outline (draft)" are mainly based on the following four understandings: 1) Such a scale and speed is necessary if we want to quadruple the 1980's GNP; 2) Sichuan's population growth requires the economy to develop at a certain growth rate; 3) Sichuan's industry and agriculture have great potential for further development; and 4) Sichuan's newly added over 100 billion yuan of fixed assets investment during the Eighth Five-Year Plan will enhance the existing productive capacity.

—Comprehensive economic efficiency. It is a major subject facing economic construction in the 1990's to improve the comprehensive economic efficiency. It has been required by the "Outline (draft)" that the average society-wide labor productivity between 1991 and 2000 should increase at an average annual growth rate of 4-4.5 percent. By 1995, the production of all major products inside Sichuan should be arranged in line with advanced domestic standards, among which the production of over half of the quality and competitive products should be carried out in accordance with international standards; the energy consumption per 10,000 yuan of total GNP should decrease by 1.5

percent every year, and the consumption of energy and raw and semifinished materials by some enterprises should reach the advanced domestic standards in the same trade or the advanced international standards of the early 1980's; and the budgetary profit and tax rate of state-owned industrial enterprises should increase by 4 to 5 percentage points over 1990 and the number of days required for the circulation of floating capital should be shortened by 20 to 30 days.

—Finance and credit. To maintain a sustained, stable, and well-coordinated national economic growth in Sichuan during the 1990's, efforts should be made to prevent the occurrence of major turbulence. To this end, a most important task for us is to maintain a balanced total supply and demand in our economy; in particular, finance, credit, foreign exchange revenue and payment, and materials should remain respectively balanced, while a comprehensive balance should be brought about between them all. In observance of the principle of acting according to our capability and keeping expenditures within the limits of income, the "Outline (draft)" has planned that the financial revenue during the Eighth Five-Year Plan period should reach 15.9 billion yuan by 1995 at an average annual growth rate of 5.8 percent, thus bringing about a basic balance to Sichuan's financial revenue and payment. Within the coming five years, Sichuan will strive to bring about an average annual increase of 15 percent in its overall credit scale, and expand its scale of fixed asset loans which was adopted during the Seventh Five-Year Plan period.

—The scale and structure of investment. In accordance with the principle of taking the overall situation into consideration, acting according to our own ability, and fulfilling important and urgent tasks before less important ones, the "Outline (draft)" has planned that within the first five years of the 1990's, Sichuan's society-wide assets investment is expected to reach some 140 billion yuan, among which over 53 billion yuan will be invested in capital construction under ownership by the whole people and over 36 billion yuan in technical renovation. Sichuan has also made concrete arrangements with a view to increasing and guaranteeing its investment in a number of key projects in the fields of basic industries and facilities, technical renovation, science and technology, and education.

—Social development and people's livelihood. Economic construction aims to satisfy people's increasingly high material and cultural demands. It is our general goal in the 1990's to strive to enable all the people of Sichuan to lead a fairly comfortable life. The "Outline (draft)" has put forward the following concrete targets in bringing about social development and enhancing people's living standards in the late Eighth Five-Year Plan period: Vigorous efforts should be made to make universal primary education compulsory in areas inhabited by 80 percent of Sichuan's total population, and nine-year education compulsory in areas inhabited by over 30 percent of the total population; the comprehensive disposal and utilization rate

of "three industrial wastes" should reach 52 percent and the coverage rate of forests 21 percent; the per capita living expenses of urban residents should total 1,640 yuan and the per capita net income of peasants 720 yuan, increasing respectively at average annual growth rates of 3.9 and 5.2 percent; the per capita living space of urban residents should reach 7.5 square meters; and the average annual rate of natural population growth should be controlled at under 12.9 per thousand and the job-awaiting rate in urban areas at under 3.5 percent. An all-around development should be registered in the fields of literature and art, radio and television, press and publication, sports, public health, social welfare, and other social undertakings.

### 3. The Orientation and Principles Guiding Future Industrial Structural Readjustments

With the construction in the past 41 years, great changes have taken place in Sichuan's industrial structure. However, no fundamental improvement has been seen in the long-standing irrational industrial structure, and there have emerged a number of new contradictions and problems during the course of development. In view of this realistic condition, the "Outline (draft)" has put forward the orientation and principles guiding the future industrial structural readjustments:

- Efforts should be made to strengthen basic industries and facilities, and increase input in technical renovation with the aim of bringing about a well-coordinated development to the major fields of the national economy as well as among all trades and industries, and of enhancing comprehensive economic efficiency.
- In light of the requirements of economic development and in our efforts to enhance people's living standards from having enough food and clothing to a fairly comfortable life, vigorous efforts should be made to promote closely interrelated industries and products which can play a guiding role and enjoy good market prospects; and to expedite the process of opening up new products and expedite replacing the old generation of products by new ones with selection and focus.
- It is necessary to keep abreast of the world's new development trends of technical revolution, vigorously develop industries with high and new technologies, transform traditional industries, and step up our efforts to modernize our industrial structure.
- Strides should be taken to integrate urban with rural areas, coordinate urbanization with industrialization, bring about a healthy development to township and town enterprises, expedite the transfer of rural surplus laborers, and optimize both urban and rural economic structures.
- In light of the needs of specialized and socialized social production, strides should be taken to readjust the organizational structure of enterprises; organize and set up enterprise groups which are guided by superior quality and competitive products and rely mainly on large and medium enterprises; strengthen

the specialized coordination between different enterprises, localities, provinces, and nationalities; and create economies of scale.

In accordance with the aforementioned orientation and principles, we should focus our attention on the following aspects:

1. Vigorous efforts should be made to strengthen and promote agriculture and ensure a comprehensive development in the rural economy. We should conscientiously implement the "Decision of the CPC Central Committee on Further Strengthening Agriculture and Rural Work," adopt practical and effective measures, stabilize and perfect the party's basic policies on rural work, continue to deepen rural reform, step up our efforts to carry out the development strategy of rejuvenating agriculture through the application of science and technology, reinforce the construction of basic agricultural facilities, increase input into agriculture, and vigorously enhance the comprehensive productive capacity and efficiency of agriculture. In observance of the principle of "never slackening our efforts in grain production, energetically developing a diversified economy, and vigorously promoting township and town enterprises," we should ensure a sustained and stable growth in grain production; make rational arrangements among farming, forestry, animal husbandry, sideline production, and fishery, as well as in their internal structures; and vigorously promote nonagricultural trades. Particular attention should be paid to successfully running and developing township and town enterprises.

2. Basic industries and facilities should be reinforced. With our hard work in the 1980's, great improvement has been seen in the situation wherein Sichuan suffered from scarcities of basic industries and facilities. However, contradictions in this field have not yet been solved fundamentally. Alongside the economic development, contradictions are more prominent in the field of transportation than the field of energy. The "Outline (draft)" has made concrete arrangements, including a number of projects, policies, and work steps, concerning the building of transportation, telecommunications, energy, key raw and semifinished materials, and geographic prospecting. Provincial-level trades and departments in these fields should act in accordance with the requirements set in the "Outline (draft)," make concerted efforts, and work as one so as to make a success of running efficiently projects which are under the control of provincial authorities, and to ensure that these projects can be completed and put into production as scheduled. The people's governments of all cities, prefectures, and counties as well as regional administrative offices should not only subject themselves to the needs of key construction throughout Sichuan, but also work out plans in light of local conditions in order to do a good job of the construction of a number of urgently needed basic industries and facilities.

3. Vigorous efforts should be made to transform and renovate the processing industry and develop the

building industry. Although our province has a not-so-small processing industry and also possesses a number of industries which enjoy certain superiorities, including the electronics, machinery, silk cloth, and textile industries, Sichuan is still plagued by the fatal weaknesses of outdated equipment, backward technology, and divided production. Under such circumstances, our key tasks in the 1990's are to vigorously readjust the industrial structure, strengthen management and technical renovation, bring into better play the existing superiorities and give rise to new ones, and enhance market competitiveness. Efforts should be made to cut down some of the surplus productive forces in the processing industry; and to stop the production of outdated and backward commodities which are of inferior quality, are highly energy-consuming, and are no longer needed by the market. In light of the needs of the market and Sichuan's superiority in natural resources, we should develop a number of new products. In view of its prominent superiority in agricultural and sideline products and the accompanying problem that peasants find it hard to sell their products, Sichuan is determined to concentrate its human and material resources to tackle a number of key issues concerning major agricultural and sideline products; and develop a certain quantity of new competitive and marketable products, including silk cloth, tobacco and cigarettes, leather, linen, garments, foodstuffs, and prepared Chinese medicines, so as to meet the needs of the market and expedite agricultural production. Sichuan's building industry is also one which enjoys certain superiorities. Since our province possesses technically strong large-scale contingents in project designing and construction; as well as those natural resources which can produce various building materials, Sichuan will uphold the principle of attaching primary importance to quality, continue to enhance the technical standards and quality of the above contingents, improve operation and management, renew construction equipment, develop new building materials, open up more building markets, and expand foreign-related project-contracting and labor service exports, so as to really turn the building industry into one of Sichuan's pillar industries.

4. Vigorous efforts should be made to promote tertiary industry, which is an indispensable major industry in the entire national economy. Since Sichuan is plagued by a big population and great pressure on employment, it is specially important for Sichuan to give better play to the role of tertiary industry. This move is also of great significance in accumulating funds, activating urban and rural economies, expediting the structural readjustment of the economy, enhancing the overall efficiency of the national economy, and making things convenient for the masses of the people. With the aim of enabling tertiary industry to basically keep abreast of the development of the entire national economy, the "Outline (draft)" has set out goals and tasks in seven aspects, focusing on developing trades which can provide services to people's production and life, such as commerce, materials, finance, insurance, and tourism.

Development of varying degrees should be attained in other trades and industries in light of the needs of national economic and social development.

#### **4. The Distribution of Productive Forces and Regional Economic Development During the Eighth Five-Year Plan Period**

The distribution of productive forces is an issue which can affect the overall national economy. Proceeding from Sichuan's overall economic development, the "Outline (draft)" has worked out six principles. The principal spirit of these principles is to take the overall situation into consideration while giving play to regional superiorities, and set up economic zones with their own characteristics which are not only subject to the needs of the overall situation but also give prominence to special regional features; to create rational arrangements and division of labor between economically advanced and less advanced areas, between areas rich in and areas with insufficient natural resources, and between urban and rural areas, with a view to letting both give play to their own strong points and make their superiorities complement each other; and to support and assist poor areas as well as areas inhabited by minority nationalities, and guide them onto the road of common prosperity.

The regional economic distribution constitutes an important part of the entire distribution of productive forces, and the latter will have a realistic meaning only when it is implemented on the basis of the former. In accordance with the five principles of territorial resources, similarity between the existing economic foundation and the development level, consistency between the orientation and focus of future development, integrated division of county-level administrative zones and completeness of regions, and the relationship between history and economy, the "Outline (draft)" has divided the whole of Sichuan into eight districts. The west Sichuan district will focus its efforts on the building of production bases of agricultural and sideline products; on the development of high-technology industries; and on giving rein to Sichuan's superiorities in electronics, aviation, heavy machinery, and special steels, thus turning itself into Sichuan's first guidance economic zone. The Chongqing district will aim to transform and rejuvenate old industrial bases; bring into full play its superiorities in science and technology, qualified personnel, and war production; and promote the development of such pillar industries as machinery, metallurgy, industrial chemistry, and electronic instruments, thus building itself into an economically advanced central district on the upper reaches of the Chang Jiang. It is the general orientation of the south Sichuan district to build energy and industrial chemical bases; expedite the production of electricity and the exploration of such superior natural resources as coal, sulfur, and phosphorus; and develop natural gas industrial chemistry and fine industrial chemistry, as well as their serial products. The district west of Panzhihua city will give full rein to its superiorities in subtropical photothermal, biological, and mineral resources, thus gradually turning itself into

a base of iron and steel, nonferrous metals, energy, fruits, and vegetables for the whole of China as well as for Sichuan. The central Sichuan district will rely on the pillar industries of silk and cotton textiles; and build up intensive processing bases of garments, foodstuffs, and agricultural and sideline products, thus building itself into a central economic hinterland of Sichuan Basin. The northeast Sichuan district will intensify its efforts to readjust and transform the military industrial enterprises in remote areas away from coastal areas; use advanced electronic, aeronautical, and astronautical technologies to bring along mechanical, light, and textile industries for civil use; and promote the production of coal, iron and steel, building materials, and silk and linen products. The southeast Sichuan district will emphatically use the production of Chang Jiang oranges and tangerines to bring along the development of construction; and vigorously promote the production of backbone products such as chemical fertilizers, salt industrial chemicals, alumina oxide, silk and linen textiles, and leather. The northwest Sichuan district will make use of its superiorities in abundant grassland and hydroelectric resources to develop highly energy-consuming products including ferroalloys, electrolytic aluminum, and electrolytic manganese; and set up bases of animal husbandry and forestry. On the whole, the division into these eight districts and their future orientation are in conformity with the state's industrial policies and Sichuan's realistic conditions. In practice, however, we still need to correctly handle problems in the following aspects.

1. Each locality should correctly locate its superiority and determine its development focus. Since Sichuan covers a vast area, great gaps exist between different localities in terms of natural geographic characteristics, realistic economic and technical conditions, and the starting points of economic development. When selecting concrete projects, all localities should first correctly locate their own most prominent superiorities and determine their own concrete development focus. When arranging concrete projects, all departments and trades at the provincial level should also acquaint themselves with the situation at lower levels, and really assign the projects to qualified localities which enjoy the best macroeconomic efficiency so that departments at both the higher and lower levels of the entire province can act in unison, integrate industrial plans with local development programs, prevent the economic structures of different localities from being assimilated, and enhance the efficiency of natural resource disposition.

2. Efforts should be made to support the development of "old revolutionary areas, areas inhabited by minority nationalities, border areas, and poor areas." To enable these areas to take the road of common prosperity, we should offer parts of the market and certain products and projects to these areas in a planned way to help them attain economic development. Economically advanced areas should observe the spirit of mutual aid and cooperation, and render their support to less advanced areas so as to gradually narrow the gap between the economic development of the two.

3. It is necessary to take both urban and rural areas into consideration, and bring about a well-coordinated economic development in both areas. Urban and rural areas should make concerted efforts to organically integrate their economies. Through developing the economy of cities, townships, and towns, especially through giving play to the fanning role of central cities in the fields of economy and science and technology, we can bring along the economic development of rural areas and gradually narrow the gap between urban and rural areas.

4. Transregional coordination and exchange should be strengthened. Proceeding from the goal of giving full rein to comprehensive superiorities and enhancing overall economic efficiency, efforts should be made to break the divisions between regions, departments, and trades; organize large-scale transregional enterprise groups; expedite the optimization of key elements of productive forces; and enhance the macroeconomic efficiency of the whole of Sichuan.

#### 5. Major Tasks and Measures of Economic Structural Reform

It has been stipulated in the "Outline (draft)" that the implementation of the 10-Year Program and the Eighth Five-Year Plan requires us to comprehensively expedite reform under guidance step by step. We are faced with the following basic requirements: Efforts should be made to uphold the dominant position of the economy under public ownership, consolidate and promote both state and collective economies, appropriately develop individual and private economies and other economic elements, and gradually set up a multi-element ownership structure which relies mainly on public ownership and suits Sichuan's development and production level. In addition, we should regard it as a central task to run well state-owned large and medium enterprises; expedite the structural reform of enterprises, macroeconomic control and regulation, prices, and distribution; and set up a highly energetic and efficient enterprise management system and economic operational mechanism.

On the basis of the aforementioned basic requirements, we should pay special attention to the following points when we carry out practical reform during the Eighth Five-Year Plan period:

—Continued efforts should be made to deepen rural reform. It is the focus and orientation of deepening rural reform to continue stabilizing the contract responsibility system on a household basis with remuneration linked to output, constantly perfect the management system in rural areas whereby unified management is integrated with separate management, vigorously promote the socialized service system, gradually reinforce the real strength of the collective economy, and guide peasants onto the road of common prosperity. We should regard both the contract household responsibility system and the dual-layer rural management system as basic systems for rural collective economic organization; enable them to

remain stable in rural areas over a long period of time; and perfect and enrich the two systems on a constant basis. Our efforts to perfect the dual-layer management system also include perfecting contracted household management and unified collective management. At present, it is a weak point for most localities to carry out unified collective management. Under such circumstances, they should gradually enrich the contents of unified collective management on the basis of stabilizing and perfecting contract household management. Responding to the requests of the masses, collective economic organizations should vigorously organize the masses to do work which cannot be accomplished or accomplished well by individual rural households. A major role of unified collective management is to provide production service to rural households. To form a complete socialized agricultural service system, we should integrate this service with the development and popularization of advanced and practical farming machines and tools, and with the service provided to agriculture by state technical departments as well as by other social economic entities with a service nature. Without strong economic strength, it is impossible for us to perfect the dual-layer rural management system or to promote the socialized service system. Therefore, we should proceed from realistic local conditions, and rely on the development and self-accumulation of production to gradually reinforce the real strength of the collective economy. Alongside the increase in the commodity rate of agricultural products, we should expedite the reform of the circulation system of agricultural products in a vigorous and steady way, and solve the problem whereby peasants find it hard to sell their agricultural products. To this end, we should seize favorable opportunities, vigorously create conditions, gradually rationalize the purchasing and selling prices of grain, and steadily lift the controls on grain under the state's macroeconomic management and regulation. In addition, earnest efforts should be made to successfully carry out both the county-level comprehensive structural reform and the building of the grass-roots organizational system.

—Enterprise structural reform should be deepened. With a view to enhancing the vitality of state-owned large and medium enterprises and in line with the principle of separating the functions of government from those of the enterprise and appropriately separating ownership from operational autonomy, we should use for reference various favorable mechanisms to transform and perfect the management system and operational methods of enterprises, so that the overwhelming majority of enterprises, especially large and medium enterprises, can successfully transform their operational systems. Vigorous strides should be taken to make experiments on the enterprise joint-stock system, expedite the process of enterprise mergers and equity transfers, bring about a rational circulation and optimization of assets, and develop enterprise groups; to perfect the contracted responsibility system and gradually institute the system of

"separating profit from tax and contracting after tax"; to comprehensively implement the "Enterprise Law," bring into play the role of party organizations as the political core, uphold and perfect the system under which the factory director (manager) assumes full responsibility, and rely on the working class wholeheartedly; to implement and perfect the labor contract system and set up a mechanism whereby enterprises select and use only capable employees; and to improve the internal distribution system of enterprises, and link the income of workers and staff members with both the enterprise's economic returns and their own work performance.

—A market system should be cultivated and established. It is necessary to deepen reform of the circulation system, activate state-owned large and medium commercial enterprises, and launch a pilot project on the future market for daily consumer goods and means of production. Urban and rural fairs should undergo further development. Efforts should be made step by step to build a number of generalized or specialized transregional and trantrade large-scale commercial and materials groups, as well as some circulation group corporations which integrate industry with commerce. Headway should also be made in developing major materials trading centers and exchanges in major purchasing-selling regions. Vigorous strides should be taken to cultivate and develop markets for key productive elements such as capital, technology, and labor service. Moreover, we should carry out reform of the system of supply and marketing cooperatives, enable peasants to take part in circulation in a planned way, and promote and cultivate the rural market. We should make a success of nationality trade, and continue to guide individual and private commercial sectors to attain further development.

—Reform should be carried out in the macroeconomic control and regulation system to readjust the forms and methods of planned management. The planning work should be focused on the forecasting, planning, and guidance of society-wide economic activities and on controlling total supply and demand, balancing relations among major ratios, and readjusting the structure of the national economy. When drawing up plans, we should attach importance to and bring into play the roles of consultation and research institutions; set great store by information collection, transmission, and processing; and strive to work out more democratic and scientific plans. In putting these plans into practice, we need to make greater use of various economic levers such as commodity prices and taxation, and give full rein to the positive role of the law of value in resource disposition. Efforts should be made to rationalize investment channels, allocate construction funds obtained from financial departments mainly to the construction of basic facilities and social projects, and gradually turn enterprises into main bodies of technical renovation investment. It is necessary to push forward price reform in a vigorous and steady way, and gradually bring about changes to the

situation wherein prices of some products are seriously irrational; gradually narrow the gap between the prices of planned commodities and of those outside the plan, and abolish the double-layer price system for various commodities stage by stage; and improve the existing price management system and reduce the scope of direct management by government. Strides should be taken to deepen the reform of the monetary system, bring into play the macroeconomic control and regulatory functions of the People's Bank, perfect the monetary system, and improve the mechanism of raising and providing loans. While continuing to encourage residents to save their money in the bank, it is necessary to gradually diversify individual monetary assets, expand the issuance of bonds, open up new trust and investment businesses, and further perfect the securities market. Efforts should also be made to reform the financial and taxation systems; reinforce the management of state-owned assets; strengthen and improve auditing, statistics, information, commodity prices, technical supervision, and industrial and commercial administrative management; and gradually set up a comprehensive macroeconomic control and regulation system which consists of economic, administrative, and legal means.

—A social guarantee system should be set up and housing reform expedited. Efforts should be made to readjust the social guarantee management system as well as fund-raising and payment methods; set up a new social insurance and guarantee mechanism which can cover urban workers and staff of all kinds as well as self-employed laborers; expand the scope of job-awaiting insurance; and create a sound social environment for readjusting enterprise structure and deepening the internal reform of enterprises. Efforts are also necessary to explore ways to socialize medical insurance. During the Eighth Five-Year Plan period, we will commercialize residential houses and adopt a policy of "raising rentals, synchronizing leasing and selling of houses, using leasing to bring along selling, and purchasing houses on preferential terms." Strides should also be taken to improve monetary business concerning housing reform; set up housing foundations at the city, unit, and individual levels; and mobilize the enthusiasm of all social sectors to accelerate the building of residential houses.

—Reform of the administrative structure should be matched well with economic structural reform. In accordance with the principle of separating the functions of government from those of the enterprise, the governmental departments in charge of economic management should have a clear understanding of their functions, rights, tasks, methods, and procedures; and gradually turn their direct management over enterprises into a new system which combines direct management with indirect management and relies mainly on indirect control and regulation. It is also necessary to simplify the administrative structure, reduce staff, enhance work efficiency, and establish an effective and highly efficient governmental management system.

## 6. Opening Ourselves to the Outside World

It is our unwavering principle, as well as a correct choice which Sichuan must make in striving for economic and social development, to persistently open ourselves to the outside world. During the Eighth Five-Year Plan period, we should not only further free ourselves from outdated ideas and expand opening up, but also think deeply and sobermindedly, and sum up our past experiences, so as to enhance our work to a new level in such fields as foreign trade; foreign-related project contracting and labor service exports; assimilating foreign investment; introducing technology and expertise; and international tourism.

Proceeding from Sichuan's realities, we will focus our foreign trade work on improving the mix and quality of exported commodities, broadening the channels and sphere in the international market, and achieving greater solid results. In light of Sichuan's natural resources and the needs of the international market, we will reinforce the building of export commodity bases, consolidate the export of traditional commodities and labor-intensive commodities, and open up a number of export goods which have small freight volume and high added value. Efforts should be made to develop intensive processing; reduce the export of unrefined processed products and products of inferior quality; and raise the export proportion and volume of electrical and mechanical products, hardware and mineral products, completed sets of equipment, and garments. We should give people a free hand in exporting labor service and expanding foreign-related project contracting.

When assimilating foreign investment and introducing technology and expertise from abroad, we should strive to improve both soft and hard environments, vigorously develop "three kinds of foreign-invested" enterprises, and introduce from abroad key technologies and equipment. To accelerate the pace of enterprise reform, we need to successfully run development zones using high and new technologies; exchange our superiorities in natural resources and part of our market for capital and technology; make use of the asset reserves of existing enterprises; and select and turn a number of attractive enterprises and workshops into cooperative projects and joint ventures using Chinese and foreign investment, or lease or transfer these enterprises and workshops to foreign businessmen. In assimilating foreign investment, we should focus our efforts on introducing direct foreign investment, and attract foreign businessmen to make direct investment in China through diversified channels at different levels.

Importance should be attached to introducing investment from businessmen in Taiwan, Hong Kong, and Macao, as well as from Overseas Chinese. Transprovincial and transregional coalition and coordination should be reinforced.

During the Eighth Five-Year Plan period, in the face of a more complicated international environment and

increasingly acute international economic competition, we should adopt the following correct strategies and tactics: 1) It is necessary to deepen the structural reform of foreign trade, transform the foreign trade management system, perfect policies guiding foreign trade, and mobilize the enthusiasm of all social sectors to accelerate the development of foreign trade; 2) On the basis of the existing foundation, we need to open up already obtained international markets, and explore new channels and fields of exports; 3) Relying on Sichuan's existing ports, we will strengthen cooperation with coastal and border provinces and cities, make use of their ports and channels, and "borrow their boats to go to sea"; and 4) Efforts should be made to strengthen friendly exchanges with the people of all countries in the world; enhance mutual understanding; and expand mutual economic and technical cooperation as well as technical and cultural exchanges.

### 7. Science and Technology and Education

In the 1990's, it is necessary to place science and technology and education in a highly important strategic position, step up efforts to implement the measures for enlivening Sichuan through science and technology and education, and truly steer economic construction into the orbit of relying on scientific and technological advancement and enhancing the quality of workers.

It is necessary to unswervingly implement the principle of "relying on science and technology in economic construction and taking economic construction as the lodestar for the work on science and technology" to promote the integration of science and technology with the economy; centering around the second-step strategic goal, deepen the structural reform of science and technology, perfect the policy on science and technology, mobilize the enthusiasm of the scientific and technological personnel, and establish and develop a system for managing scientific and technological operations that has the characteristics of our province and integrates research, development, application, and provision of service; make unified plans for scientific research at three levels, namely, research on applied technology, research on high and new technology, and basic research for application purposes; concentrate the limited manpower and material and financial resources on tackling key technical problems in economic construction; make energetic efforts to popularize useful advanced technology, promote the integration of scientific research academies and institutes with production enterprises, and speed up the transformation of scientific and technological achievements into practical productive forces; gradually establish competitive high- and new-technology industries with Sichuan's characteristics, preliminarily accomplish the transformation of a number of key trades and fields into new technological bases; and conduct research on soft sciences [ruan ke xue 6516 4430 1331] and social sciences, centering around the major theoretical and practical problems concerning the reform and opening up and the building of two civilizations.

It is necessary to aim at improving the quality of the whole people and bring up qualified people to meet the various needs of socialist construction; implement the principle that education must serve socialist modernization, be integrated with productive labor, and aim at training constructors and successors who are morally, intellectually, and physically well developed and competent in labor; adhere to the socialist orientation of running schools, strengthen ideological and moral education, deepen the educational structural reform, do a good job in the experiments on comprehensive reform of rural education and that of urban education, and constantly improve teaching quality and the efficiency of school management; continue to give priority to the strengthening of basic education and pay special attention to the implementation of the nine-year compulsory education system; adopt supportive policies and actively help ethnic minority areas to pay special attention to primary education and train ethnic minority cadres, especially those in economic management; make energetic efforts to develop professional-technical education in various forms and at various levels, do a good job in adult education focusing on post-related training, train labor reserve forces, improve the skills and professionalism of people in their posts, and strive for basic elimination of illiteracy among young people and those in the prime of life by the end of this century. In higher education, it is necessary to stabilize the scope, readjust the structure, and develop it in a coordinated way; continue the effort in the building of college facilities and strive to improve the conditions for running the colleges; make a good job of the building of teaching staff and absorb a larger number of fine persons into the teaching staff; and fully arouse the enthusiasm of the broad ranks of teachers in "imparting knowledge and edifying minds."

Developing science and technology and education entails increasing the budget for scientific research and education year by year, implementing the policy toward intellectuals conscientiously, and protecting intellectual property.

### 8. People's Livelihood

To constantly satisfy the ever growing material and cultural demands of the people is the ultimate goal of socialist economic construction. The "Outline (draft)" proposes that during the period of the Eighth Five-Year Plan, the confirmed wage income of workers province-wide increase about 2.4 percent annually and urban residents' per-head income for living expenditures increase about 3.9 percent annually. With the development of production and the progress in science and technology and education, the fields for urban and rural residents' personal consumption will be further expanded, the material conditions will be even better, their health will improve significantly, and their spiritual life will be richer and more colorful. To reach the above goals, it is imperative to develop textile and other light industries and electronics with vigorous efforts; continue to pay attention to the "shopping basket" project;

strengthen market and price controls; develop tertiary industry to make residents' lives easier; speed up the construction of urban public facilities and residential areas; open up employment avenues and increase job opportunities; establish and develop the social security system; do a good job in taking care of the aged; make a good job of primary sanitation and health care, improve medical conditions, develop sports, and improve the people's health; adhere to the orientation of "serving socialism and the masses" and the "double-hundred" principle in cultural undertakings to bring prosperity to them and enrich and make colorful the people's spiritual life.

It is necessary to unswervingly implement the three basic national policies, namely, family planning, protection of territorial land, and environmental protection. We should continue to carry out family planning, strictly control population growth, and encourage prenatal and postnatal care; protect and make good use of cultivated land and exploit the uncultivated land rationally; speed up afforestation, control pollution, and improve the quality of the environment.

There are great discrepancies in economic and cultural development between different areas in our province. In particular, the task of achieving a comparatively well-off level of livelihood in "old liberated, ethnic minority, remote, and poor" areas is highly demanding. It not only requires the painstaking efforts of the people in these areas, but also entails continued unity, cooperation, and mutual aid and promotion between different areas: Those that become rich first can help those lagging behind. In this way, we can ensure the realization of the general goal of the province.

#### 9. Building of Socialist Spiritual Civilization

The "Outline (draft)" merges the building of spiritual civilization into the plan for economic and social development and sets specific requirements in this regard. In the 1990's, the general objective of the building of socialist spiritual civilization in our province is: striving to bring up socialist citizens equipped with ideals, morality, education, and discipline, enhance the ideological and moral quality of the people as well as their scientific and educational quality; bringing about theoretical guidance, media forces, values, intellectual support, and social environment that are beneficial to modernization and reform and opening up; encouraging a national spirit, uniting the people of the whole province and mobilizing them to throw themselves into the great cause of reform and opening up and modernization, and consolidating and developing the political situation in stability and unity. Centering around this general objective, we should step up propaganda and education on Marxist basic principles and the theory of building socialism with Chinese characteristics; uphold the four cardinal principles, combat bourgeois liberalization, and strengthen the power to fight subversion, infiltration, and peaceful evolution; conduct ideological education on patriotism, collectivism, socialism, and the spirit of

self-reliance and plain living and hard struggle; deepen the understanding of national and provincial conditions, constantly overcome the outmoded conservative and closed mentality in the course of developing socialist commodity economy, free the mind, seek truth from facts, and adopt the new concepts of reform, opening up, blazing new trails, and forging ahead; in an organized and planned way, popularize and perfect various effective mass activities for building civilized units and place science and technology and education in an important strategic position; actively promote such undertakings as press, publication, radio and television broadcasting, film-making, literature, art, sports, and public health. In building spiritual civilization, it is necessary to start with children and, with a view to bringing up useful people for the construction cause straddling the turn of the century and reliable successors to the socialist cause, strengthen the teaching of courses on morality, political science, and law in schools, make efforts to cultivate a positive political enthusiasm in them, and help them adopt a correct outlook on life and a correct political orientation.

The building of spiritual civilization, to a considerable extent, depends on the extent to which education is developed and the extent to which the people's educational quality is cultivated. It is necessary to consistently match the building of spiritual civilization with the development of the educational cause and, in light of the people's education levels, carry out the spiritual civilization process at different levels, consistently integrating popularization with enhancement and avoiding oversimplification or formalism.

#### 10. Socialist Democracy and Building of Legal System

Strengthening the building of socialist democracy and the legal system is an important safeguard for accomplishing the second-step strategic goal. It is necessary to hold on to the people's democratic dictatorship led by the working class and based on the alliance of workers and peasants; uphold and perfect the people's congress system and the CPC-led system of multiparty cooperation and political consultation, and consolidate and develop the patriotic united front; establish and develop the democratic supervisory procedures and system, and establish a leadership system conducive to enhancing efficiency and arousing the enthusiasm of various quarters; strengthen the building of grass-roots power organs and enliven the democratic activities at the grass-roots level; develop the workers' democratic management system in enterprises and villagers' and residents' self-managing systems. Governments at various levels must pay further attention to investigation and consultation and improve the democracy in and scientific quality of decisionmaking. They should conscientiously accept supervision from the people's congresses and their Standing Committees at the same levels and attach importance to and bring into play, the function of political consultation and democratic supervision of the people's political consultative conferences, democratic parties, and mass organizations.

Socialist democracy is inseparable from the socialist legal system. Only by constantly strengthening the building of socialist legal system can we safeguard the institutionalization and legalization of the people's democratic rights, safeguard the long-term security and stability of the country, and ensure that the socialist modernization drive not be disrupted. It is necessary to constantly strengthen the government's legal work and carry out administration in strict accordance with law; actively conduct a "5 February" campaign of disseminating knowledge of law, which takes the Constitution as the core and focuses on specialized laws to enhance the legal awareness of the people. The improved social stability in our province notwithstanding, there are still many destabilizing factors, so we must continue to regard safeguarding stability as an overall task of overriding importance. Upholding the people's democratic dictatorship is an important aspect of adherence to the four cardinal principles and an important safeguard of social stability, permanent order in the country, and smooth progress of the socialist modernization drive. It is imperative to strengthen political and judicial building, give full play to the functions of organs of dictatorship, crush the peaceful evolution conspiracy of the international forces that are hostile to us, deal heavy punishment to serious criminal activities and serious economic offenses, forbid and outlaw all organizations and activities that harm social security and disrupt social order; mobilize the forces from all quarters of society to manage social order jointly in a comprehensive and more intense way; make fine distinctions and handle correctly the contradictions of two different natures, effectively control and dissolve factors detrimental to safety through such means as punishment, prevention, education, management, and building, and take all precautions against and stop in time any eventualities that are harmful to security and social stability.

It is necessary to promote army-government and military-civilian unity, do a good job in building the militia, and consolidate and expand national defense strength.

### **11. Building of Clean, Honest Government**

Punishing corruption and strengthening the building of a clean, honest government is a long-term strategic task of ours. All functionaries should reinforce the awareness of their role as public servants, serve the people wholeheartedly, attend to their public responsibilities diligently in the interests of the people, work hard but live plainly, conscientiously resist and redress unhealthy tendencies in trades and professions and the "three arbitrary practices in financial sector." All trades and professions should, in light of their own characteristics, formulate management systems that are scientific, strict, and impartial, and easy to operate; improve the supervisory and restrictive mechanisms; strengthen discipline inspection and administrative supervision, enforce administrative discipline strictly, take stern measures against those who go against decrees, laws, and discipline to ensure thorough implementation of government orders; and, in accordance with law, firmly punish and

never tolerate those who are involved in economic offenses or other crimes, seek personal gain by abusing power, or bend the law for the benefit of relatives or friends.

### **12. Nationalities and Religions**

There is a big population of minority nationalities in our province and they are widely distributed. The reality in the past and at present has time and again proved that it requires the sincere unity and shared progress among all the nationalities in the province to build and invigorate Sichuan. It is necessary to continue with education on the Marxist viewpoint on nationalities and the party's policy toward minority nationalities, consolidate and develop socialist nationality relations, strengthen the great unity among all nationalities, and promote shared prosperity among them; uphold and improve the system of nationality regional autonomy, implement the "Nationality Regional Autonomy Law of the People's Republic of China" in a comprehensive way, and make vigorous efforts to train cadres of minority nationalities; encourage the people of various nationalities in areas inhabited by minority nationalities to rely on themselves and work hard while leading a plain life, and adopt supportive and assisting measures; concentrate resources on boosting the economy; vigorously develop such social undertakings as education, science and technology, culture, and public health; improve the health and cultural, scientific, and technological knowledge of peasants and herdsmen; vigorously carry out propaganda on Marxist viewpoint on religions, implement the policy of freedom of religious belief, take strict precautions against hostile forces conducting infiltration by religious means, and outlaw all illegal religious activities and secret religious forces.

### **IV. Implementation of 10-Year Program, Eighth Five-Year Plan**

The 10-year Program and the Eighth Five-Year Plan of our province are in the process of implementation simultaneous to formulation. They have been carried out for a year since 1991. In the past year, the whole province has conscientiously implemented the spirit of the Seventh Plenary Session of the 13th CPC Central Committee and the Fourth Session of the Seventh National People's Congress [NPC], made arrangements for the accomplishment of the various tasks prescribed at the Fourth Session of the Seventh NPC, realized all the major targets of economic and social development as scheduled, and made a good start for the implementation of the 10-Year Program and the Eighth Five-Year Plan. According to an estimate, the gross provincial product in the past year was 127.3 billion yuan, up 6.9 percent over 1990; the provincial income 107.4 billion yuan, up 6.7 percent; the total industrial and agricultural output value 224.62 billion yuan, according to the constant prices of 1990, up 10.6 percent. The more specific figures concerning industrial and agricultural output value are: Industrial output value was 148.67 billion yuan, up 14.7 percent; agricultural output value 75.95 billion yuan, up

3.4 percent; total grain output 4,345.4 metric tons, up 1.9 percent; total output value of township and town enterprises 66 billion yuan, up 22.6 percent; the financial income 12.81 billion yuan, up 6.0 percent; export \$1.32 billion, up 18.5 percent; the total volume of commodity retail sales throughout the province 62.04 billion yuan, up 13.8 percent, which was 0.6 percentage point lower than the increase rate of the previous year. The political situation of stability and unity was further consolidated.

In the past year, the provincial people's government has focused on economic construction, upheld the four cardinal principles, persisted in the reform and opening up, and paid particular attention to the following four aspects of work: First, it took great pains to develop township and town enterprises and expand the rural collective economy while improving the contract responsibility system on a household basis with remuneration linked to output, making proper arrangements for fighting disasters and striving for good harvests, stabilizing the production of grain and oils, and developing varied cash crops. Second, it has given prominence to the activity of the "quality, variety, and efficiency year," worked hard to readjust the industrial product mix, strengthened enterprises management, broadened the market of industrial products, and enhanced economic efficiency. Third, it has concentrated its energies on studying and resolving outstanding contradictions and problems that have a strong impact on the economic and social development of the province. We have organized resources to study such issues as circulation, finance, enlivening enterprises, revitalizing Sichuan through science and technology, and readjusting the limits of authority of economic management; brought forth a series of important policies regarding further enlivening large and medium-sized state enterprises, enlivening circulation and finance, readjusting the limits of authority of economic management, improved foreign trade operation mechanism, and promoted scientific and technological advancement; successfully hosted the China Sichuan International Television Festival 1991, Hong Kong Mini-Fair, and the meeting for sharing scientific and technological achievements; spared no effort in the starting and construction of such key projects as Ertan Power Station, Chengdu-Chongqing high-grade road, and 816 Fertilizer Factory. These efforts have made, or will make, important contributions to the enlivening of the economy and strengthening of stamina in our province. We have also concentrated considerable forces on clearing "debt chains" and checking arbitrary imposition of fees, fund-raising, and various apportionments of expenses on rural areas and enterprises. Fourth, we have, with economic construction in the spotlight, developed various social undertakings. New progress has been made in such aspects as education, science and technology, press and publications, radio and television broadcasting, filmmaking, literature and art, sports, public health, social security, labor wages, family planning, environmental protection, territorial land, support for the poor, nationalities, and religions, meteorology, geology and mining, cartography,

seismology, archives, security, and making of local annals. The People's Liberation Army units stationed in Sichuan, the armed police, public security, and militia have made great contributions to the economic development and social stability of the province.

The year 1992 is the second year for implementing the Eighth Five-Year Plan. Doing a good job this year is of great significance to accomplishing the grand goals set in the 10-Year Program and the Eighth Five-Year Plan. The general guiding ideology of the government is: comprehensively implementing the spirit of the Seventh and Eight Plenary Sessions of the 13th CPC Central Committee and the Fourth Session of the Seventh NPC; upholding the principle of paying equal attention to the building of two civilizations; handling well the relationship between stability and development; furthering the reform and opening up; on the basis of consolidating the fruit of improvement and rectification and continuing to maintain a basic balance between the total supply and total demand, steering the focus of economic work into the orbit of structural readjustment and efficiency improvement; striving to promote the sustained, steady, and coordinated development of the economy and various social undertakings to lay a good foundation for the smooth implementation of the 10-Year Program and the Eighth Five-Year Plan. According to the preliminary plan of the provincial people's government, the major targets of economic development in Sichuan for 1992 are: the total industrial and agricultural output value to reach 237.8 billion yuan, up 5.9 percent; industrial output value 159.4 billion yuan, up 7.2 percent; profit and tax rates on funds to go up 0.7 percentage point; all-personnel labor productivity to rise 3 percent; consumption of energy per 10,000 yuan of industrial output value to be 2.2 metric tonnes of standard coal less; agricultural output value to reach 78.4 billion yuan, up 3.2 percent; the gross provincial product to reach 142.2 billion yuan, up 5.5 percent; provincial income to reach 118.1 billion yuan, up 5.0 percent; financial income to reach 13.17 billion yuan, up 4.8 percent. It is rather difficult to accomplish the above targets and requires all people of the province to be mobilized and organized to do well in the following work.

1. It is necessary to continue to strengthen the agricultural basis and ensure sustained and steady growth in the rural economy. The governments at various levels should unwaveringly give top priority to rural work in the entire economic work and concentrate their energies on handling well the following six things for the development of agriculture. First, it is necessary to stabilize the policy toward rural areas and deepen the rural reform; steadfastly adhere to the contract responsibility system on a household basis with remuneration linked to output, take pains to improve the two-tier management system, gradually enrich the content of unified management, so that there are people to manage collective property, coordinate various interest relations, and organize production-oriented service, exploitation of collective resources, and agricultural capital construction;

starting with the production-oriented and technical services, buying and marketing services, and production means services that are most needed by peasants, organize relevant departments to, through all-out cooperation, enrich and develop various socialized service organizations for agriculture, strengthen the service functions in counties, townships, villages, and especially the grass-roots units, and actively explore and improve effective service modes; run the rural credit cooperatives well, and consolidate and develop the system of "two funds," namely, the agricultural development fund and rural cooperation fund; take account of the reality, choose the right projects, establish a batch of village- and cooperative-run economic entities to increase financial and material resources at the collective's disposal. Second, it is necessary to take great pains in implementing the measures for boosting agricultural production by means of science and education; popularize, on an even greater scale, the nine major comprehensive applied technologies including high-yield, high-efficiency formulated cultivation; more effectively implement the "Good-Harvest Program," "Spark Program," and "Prairie Fire Program;" expand the scope and scale of integration of agriculture, science, and education, combination of technology and material, and contracting of scientific and technological groups; strive to enhance the rate of excellent quality of agricultural and sideline products, ensure a 1 million-tonne increase of grain, and try to score good agricultural harvest in a comprehensive way. Third, it is necessary to conscientiously implement the "Resolution on Further Developing Township and Town Enterprises" of the provincial party committee and provincial government, wage a long-term, general campaign for developing township and town enterprises, and improve their management and technical standards. Fourth, it is necessary to do a good job in the circulation of agricultural products; pay as much attention to this as to production, firmly remove any barriers or prohibitions on the circulation of agricultural products, allow peasants to transport their farm and sideline produce to other places for sale, prevent such practices as cheatingly forcing down grades and prices of the peasants' products to the detriment of their interests in the course of purchasing agricultural products, so as to ensure unobstructed circulation of agricultural products and increase in the peasants' production and income. Fifth, it is necessary to carry out capital construction of farmland water conservancy projects on a large scale. The funds earmarked by the state, provincial authorities, and relevant local authorities for transforming land, harnessing watercourses, and afforestation this year will reach 800 million yuan: The provincial government has arranged for 370 million yuan to be put into water works construction, from which 325 million yuan of various funds is to be spent directly on the soil transformation of medium- and low-yield farmland. The provincial authorities will pay particular attention to the construction of Shengzhong [0581 6988] Reservoir, Wudu [2976 6757] Diversion Works, second-phase expansion of Dujiang Weir, and some medium-sized reservoirs which are being built.

The authorities of the localities concerned should choose the right projects; do a good job in preparing funds that form a complete set; meticulously organize the masses to contribute their efforts in various forms; truly regard the construction of farmland water works as a basic industry; strive to increase the irrigated area by 294,000 mu, improve 450,000 mu of irrigated land, and transform 3 million mu of fields and soil this year. Sixth, it is necessary to carry out socialist education in rural areas in great depth and strengthen the organizational building at the grass-roots level.

2. It is necessary to strive to enhance the economic efficiency of industry centering around the improvement of large and medium-sized state enterprises; conscientiously implement the policies and measures for boosting large and medium-sized state enterprises formulated and promulgated by the central and provincial authorities; while improving the external conditions of enterprises, shift the focus of work to the transfer of enterprise operational mechanism; establish the stimulative and restrictive mechanisms for operators, deepen the reform on labor personnel system and distribution system, and increase the internal vitality of enterprises; expedite the technical transformation of large and medium-sized state enterprises, make efforts to renew the equipment and technology, tap potential, and strengthen stamina; select a number of large enterprises and enterprise groups and, in light of the experience of Shoudu Iron and Steel Corporation, conduct long-term general contracting of input and output; select 100 industrial enterprises as subjects of experiments on open operations; meanwhile, pay close attention to small enterprises and urban collective enterprises, which are in great numbers and cover a large spectrum, to bring into play their advantages in operational mechanism and boldly explore varied operational modes. All enterprises must conscientiously carry out the task of readjusting product mix, develop new products, reform the old, concentrate their energies on specialities, firmly curtail the production of oversupplied and unsalable products, and minimize stockpiling; take solid steps to strengthen management, save energy, reduce consumption, reduce per-unit-product cost, and enhance the overall efficiency; change the current practice of assessing merely the profits made and delivered in the contract system and highlight the ratio of profits made and taxes delivered to the input of fund of enterprises. In capital construction, it is necessary to keep in control the destinations of investment in capital construction, concentrate energy on and step up efforts in the construction of such key projects as Ertan Power Plant, Chengdu-Chongqing high-grade road, and Daxian-Chengdu railway.

3. It is necessary to enliven the circulation and financial sector; further popularize the experiences of Chongqing in its "four openings" and Jingyan County in its "five focuses" in enlivening supply and marketing cooperatives; give full play to the role of state and cooperative commercial establishments as well as goods and materials enterprises, especially large and medium-sized

wholesale enterprises, as the main channels of circulation; continue to bring into play the functions of private and individual commercial establishments in enlivening circulation and providing convenience to livelihood; establish, in a planned way, production means market, money market, technical market, and labor service market and improve the socialist market system; plan for and establish a batch of specialized wholesale markets mainly dealing in agricultural and sideline products on a certain scale and at a certain level; run well the wholesale markets for meat product; improve market facilities and increase the capacity of markets to make things convenient for the people and attract foreign businessmen; organize forces to discuss and formulate the policy for enlivening the commodities, especially agricultural and sideline products, that are sent out of Sichuan, try every possible means to broaden the markets outside the province, and enhance the market occupancy of Sichuan products. It is necessary to, in accordance with the law of value, further reduce the scope of planning for commodities and goods and materials, gradually straighten the production-marketing relationship of large agricultural and sideline products, and establish risk funds for agricultural and sideline products; make active efforts to push forward the price reform safely, seize the right opportunity to adjust some outstanding irrational prices, and gradually straighten price relations, while keeping the prices at appropriate levels. It is necessary to popularize Guanghan city's experience in reforming the grain purchasing and marketing system characterized by "getting into the right orbit in one move and opening up totally" in the 40 counties where the experiment on comprehensive reform is being carried out and one or two counties selected from other prefectures and cities.

The focus of work on finance should be placed on accumulating funds, financing, restructuring credit, and promoting the development of production. It is necessary to pay attention to the role of state banks as the main channels of financing and actively explore new ways for enlivening nonbanking financial institutions; persist in raising funds for production and construction through various channels in the society at large, continue to absorb residents' savings and enterprises' deposits, and expand the proportion of direct financing; improve the inter-bank loan market, open up the stock market, and develop the foreign exchange regulatory market; make efforts to support and enliven rural credit cooperatives; strengthen the fund management, do a good job of clearing debts and tapping potential, invigorate fund reserve, expedite the flow of funds, and enhance the utility efficiency of funds; by making full use of credit and tax levers, give support to agriculture, large and medium-sized state enterprises, a batch of projects that are in line with the state industrial policy and serve as the locomotive for Sichuan's economy, and a batch of readily salable products; help enterprises with their technical transformation and give correct guidance to the economic restructuring all over the province. Insurance companies should expand their business and financial companies promote the development of enterprise

groups. The ultimate way out of financial difficulty lies in the effort to develop the economy, enhance economic efficiency, increase income, and reduce expenditures. It is necessary to implement well the central and provincial policies and measures for enlivening enterprises, persist in managing taxation according to law, and tighten up tax collection and tax control; exercise rigorous control over regular budgets and consistently follow the principle of doing things according to the financial capacity in construction-oriented budgets, in a bid to maintain a basic balance between the revenue and expenditure of a given year; pay attention to the management and flexible use of extrabudgetary funds in support of economic construction.

4. It is necessary to continue to do a good job in the development for supporting the poor and expedite the economic development of areas inhabited by ethnic minority groups; in light of the state principle for supporting the poor in the 1990's and the reality of ethnic minority areas in our province, shift the focus of key supporting-the-poor projects to supporting extraordinarily poor mountainous areas, especially those inhabited by ethnic minority groups; further organize the specialized support and aid for these areas, make energetic efforts to build up horizontal connections at various levels, through various channels, and in various forms, help them exploit their exclusive local resources and develop regional mainstay industries by relying on science and technology and basing themselves on crop cultivation and animal husbandry. The departments at the provincial level should do several practical things, which are visible and tangible, for the social and economic development of the said areas. The projects to be carried out in these areas during the Eighth Five-Year Plan should, firstly, embody the preferential treatment, whereby as many projects as possible are listed; and, secondly, be well implemented, which means all that can be finalized and carried out ahead of schedule should go ahead, with support from the comprehensive input of funds and technology, and the quality and efficiency of construction should be guaranteed.

In this year's economic structural reform, it is necessary to aim at establishing an economic system and operational mechanism that conform to the development of socialist planned commodity economy and integrate a planned economy with market regulation; centering around structural readjustment, enhancement of efficiency, and improvement of large and medium-sized state enterprises; concentrate on deepening the internal reform of enterprises and, in particular, change the enterprise mechanism, explore the stock system, set up enterprise groups, and push forward the housing reform in a bid to achieve breakthroughs. The focus of foreign trade is on improving the quality and grade of export commodities, strive to earn as much foreign exchange as possible, and enhance economic efficiency; continue to improve both the soft and hard environments, attract more technologies and capital from outside China's

borders, and run well the partially or wholly foreign-funded enterprises; and strengthen propaganda to the outside world and make a good job of foreign affairs and Overseas Chinese affairs.

The building of socialist spiritual civilization, the building of the legal system, and the comprehensive maintenance of social public order are all important components of government work and have a big part to play in the economic and social development of the province. It is necessary to mobilize the forces from all quarters of the society and, in view of outstanding problems and contradictions, provide more measures, make more meticulous efforts in the work, and strive to make new progress.

To ensure that the work in various aspects be carried out effectively, it is imperative to take substantial measures to improve the art of leadership and the work style of government organs and continue to strengthen the building of a clean, honest government, punish corruption, redress unhealthy tendencies of trades, and check the arbitrary imposition of fees, penalties, and various apportionments of expenses. The cadres at various levels, especially those holding leadership posts, must work diligently for the people, be honest in performing their official duties, and regard the people's and party's cause as their first life [di yi sheng ming 4574 0001 3932 0730]. The leaders of governments at various levels and those of various departments must extricate themselves from too many documents and endless meetings; go to the rural areas, factories, and schools to identify themselves with peasants, workers, and intellectuals; strengthen the processing of petition letters, listen to the public opinion earnestly, and help the masses remove misgivings and solve problems; seek good strategies, do practical things, and strive for pragmatic results in developing economy, pushing forward social progress, and improving the people's livelihood.

The "Outline of the 10-Year Program and the Eighth Five-Year Plan for Economic and Social Development of Sichuan Province," examined, discussed, and passed at this session, is the blueprint for the socialist modernization of our province in the 1990's. The governments at various levels must conscientiously make arrangements for the implementation of this outline program wholeheartedly and with full efforts and commitment. The people of various nationalities in our province should unite as one, be of one heart and one mind, blaze new trails, be enterprising, and work hard toward the grand goals set in the 10-Year Program and the Eighth Five-Year Plan. It is our belief that under the correct leadership of the CPC Central Committee and the State Council, the Sichuan people—diligent, brave, and resourceful—will definitely be able to score more splendid achievements than in the 1980's.

## NORTH REGION

### Shanxi Secretary Visits Higher Learning Institutes

*HK1903064592 Taiyuan SHANXI RIBAO in Chinese  
27 Jan 92 p 1*

[Report by Li Dongguang (2621 2639 0474): "Shanxi Provincial Party Secretary Wang Maolin Inspects Some Institutes of Higher Learning and Scientific Research Units"]

[Text] On 18-25 January, in the company of leading cadres of the provincial science and technology commission, planning commission, and education commission, provincial party secretary Wang Maolin successively inspected 16 scientific research institutions and four colleges and universities, and put forward guiding opinions and principle requirements on Shanxi's science and technology and education.

During his inspection tour to scientific research institutions, including the Institute of Daily Chemical Goods under the Ministry of Chemistry, Shanxi Academy of Agricultural Sciences, Shanxi Institute of Mechanical and Electrical Engineering, No. 2 Research Institution under the Ministry of Machine-Building and Electronics Industry, and Shanxi Institution of Biology, Comrade Wang Maolin said: In the 1990s, in our efforts to attain the second-step strategic goal, we are realistically faced with the threat of peaceful evolution and challenges of the world's new technological revolution. The situation is grim and the tasks are arduous. Whether or not socialist China can continue standing lofty and firm in the East and whether or not the Chinese nation can stand on its own feet among the world's outstanding nations depends on whether or not we can make a success in economic construction and create a much higher social labor productivity than that of the capitalist countries. On what basis can we be successful in economic construction? Successful economic construction should be mainly based on science and technology. He called on the vast numbers of scientific and technological workers to shoulder the heavy historical responsibilities, inspire their vigor, work hard, and step up their efforts to turn out more outstanding scientific results. He also urged the people of the entire society to earnestly free themselves from outdated ideas, change their old concepts, enhance their awareness of science and technology, and strive to create favorable conditions and a sound environment for the rejuvenation of Shanxi's science and technology.

He emphatically pointed out that in order to develop and open up high and new technologies, we should fully arouse the enthusiasm and creativity of the broad numbers of scientific and technological personnel, give them a free hand in their work, and put into practice a new management mechanism and a brand-new labor personnel system. An appointment system should be practiced for recruiting cadres who should be ready to accept a higher or a lower post; a contract system for recruiting

workers who do not hold permanent jobs in enterprises; and a structural salary system in making distributions which can be higher or lower. We should give rewards to hard-working workers and punish lazy ones, but not the other way around.

He pointed out: By developing high technology, we do not simply aim to scale the peak of honor and bring credit of our country; what is more important is that we can provide services to production and construction, and reinforce our national strength. No matter how great an invention is, if it is not applied into practice, what benefits can it bring to the society? Undoubtedly, science and technology constitute a primary productive force; however, the former are not simply tantamount to the latter, and a transformation process is needed. We should devote great efforts to the link of transformation. A current pressing task is to apply existing mature scientific results to commodities. He suggested all scientific research institutions build up their own contingents of opening up new products, learn management skills, study the market, enhance the transformation rate of scientific results, shorten the period of circulation, and really turn science and technology into a realistic primary productive force.

After listening to a report on the recent development of Taiyuan Development Zone of High and New Technology Industries, he fully reaffirmed the achievements of the development zone, saying that with the support of all departments under the provincial and city authorities, the development zone, though starting rather late, had attained rapid development and successfully made this "special express" advance steadily. He urged the development zone to further emancipate the mind, speed up its pace and take greater strides, and start at an early date the construction of a newly built small zone of 0.5 square kilometers. This small zone should mainly rely on its own strength for further development; however, it can also invite people of all walks of life, including peasants, to participate in the development of high and new technology. The development zone must be run under a brand-new management system, take on a brand-new look, make fairly great breakthroughs in its labor personnel system, and attain further development during the course of reform.

Starting 22 January, Comrade Wang Maolin went to Shanxi University, Taiyuan Industrial University, Shanxi Agricultural University, and Shanxi Medical College. There, he made investigations and studies, and held talks with teachers and students on how to strengthen the building of colleges and universities. Wherever he went, he always stressed that colleges and universities should make a success of their internal reform and attain the goal that teachers, students, and the school are all full of vitality. The criterion for judging a school's reform is whether or not the school enjoys a great vitality. The structural salary system can be practiced in colleges and universities to support and encourage those who have dedicated all their energy to their work and have made outstanding contributions. It

will be the same with students. The principle of rewarding the outstanding and punishing the inferior should be fully embodied in the examination and approval of scholarship and in job assignment on graduation. This year, all colleges and universities are required to further free themselves from outdated ideas, act more boldly and freely, and advance forward in greater strides.

Concerning the orientation of colleges and universities, Comrade Wang Maolin emphatically pointed out: There is no exception in modern or ancient times, in China or elsewhere that schools are places where knowledge is taught and talents cultivated. Besides this perfectly justified duty of passing on knowledge, socialist colleges and universities are shouldered with a more important duty, that is, to bring up successors to the socialist cause who love their motherland and are willing to serve the people wholeheartedly with a spirit of dedication. Only when we attach importance to the young generation and devote our efforts to bringing up a great number of successors to the socialist cause can we ensure that the future leading power at all levels are firmly held in the hands of those loyal to Marxism. He called on all colleges and universities to act in accordance with the relevant spirits of the CPC Central Committee and the provincial party committee, augment the ideological and professional building of the contingent of teachers, intensify the training to full-time cadres in charge of political work, and strengthen the ideological and political work in colleges and universities. To educate young teachers and students, we should concentrate our efforts to help them firm their faith in socialism; carry out socialist ideological education among them; carry out among students education on communist ideal, faith, outlooks on life and world, as well as moral quality (including professional morality); and build colleges and universities into a strong position for cultivating and training socialist new people of "four haves."

He urged colleges and universities to bring their professional work onto the road of integrating teaching, scientific research, and production. To this end, colleges and universities should free themselves from outdated ideas, change their old concepts, and take new strides in all fields, especially in the field of integrating teaching, scientific research, and education. Colleges and universities can turn their own results of scientific research into commodities to gain economic returns, and then use in turn this revenue to nourish teaching and scientific research, improve the working and living conditions of teachers and staff, give rise to a virtuous circle, and enhance their capability of self-replenishment. He suggested that all colleges and universities set up their own special organ on opening up new products under the charge of a vice principal. The income of those engaged in opening up products of high and new technology

should be linked to their contributions, and a certain ratio of senior professional or technical titles should be reserved for them.

When talking about how to improve colleges and universities' teaching and research conditions as well as the living conditions of teachers and staff, especially their housing conditions, Comrade Wang Maolin indicated: During recent years, the provincial people's government has done a great deal of work in this field. However, because our country is still relatively poor and its financial strength is limited, we have to solve the problems and difficulties facing colleges and universities one by one. The work takes time. Party committees of all colleges and universities should educate the vast numbers of teachers and students to make full allowances for the country's difficulties. We should try to find financial

sources inside colleges and universities, and make a success in achieving and turning scientific results into commodities.

During his entire inspection tour, Comrade Wang Maolin repeatedly stressed: In the new year, the whole province, leaders and masses alike, should comprehensively and accurately master the spirit of and put into effect the party's basic line; persistently regard economic construction as a central task; and expedite the pace of reform. By now, we have drawn up this year's work arrangements, and a task of top priority for the moment is to implement the policy-measures and requirements of the party and government in real terms. He hoped that the leading bodies of scientific research units and colleges and universities can earnestly improve their work style and successfully carry out their work in a practical manner.

**Uncertainties 'Shroud' McDonnell Douglas Deal**  
*92CE0308A Hong Kong CHIU-SHIH NIEN-TAI [THE NINETIES] in Chinese No 2, 1 Feb 92 pp 60-63*

[Article by Nan Fang-shuo (0589 2455 2592); "Taiwan Advancing Toward the Aerospace Industry?"]

[Text] Formed in June of last year, Taiwan Aerospace Corporation, whose largest shareholder is the Executive Yuan, has made international headlines because of its intention to join forces with the United States' McDonnell Douglas Corporation to form a new company. But the question of how to protect Taiwan's investment interests and the political complication arising from "anti-Hau [Po-tsun]" sentiments in the Legislative Yuan shroud this deal in uncertainties.

Taiwan, an unknown internationally in the high-tech aerospace industry, has suddenly become a red-hot upstart. High-level officials from the United States' Boeing, General Dynamics, and Pratt and Whitney; Great Britain's Astronavigation, and France's Airbus and other international aerospace companies have flocked to Taipei. Taiwan Aerospace was formed only in June 1991 and is still but a shell company, but it has become the prize to be fought over, and the news of its plan to spend \$2 billion to acquire 40 percent interest in the new company it will be forming with McDonnell Douglas has become the hot topic of conversation in the international community.

**A Red-Hot Upstart**

It is inevitable that the joint venture between Taiwan Aerospace and McDonnell Douglas would become the focus of world attention because of its important symbolic implications:

1. It signifies the United States' continued loss of national strength. The country can no longer afford to invest in its own industries, even the aerospace industry, and must look for capital-rich new partners in Asia. It is inevitable that, slowly, the U.S. aerospace industry which it has so far dominated will head toward a decline.

2. It portends the Asian aerospace market's bright future. According to commercial aviation industry estimates, until the year 2025, well into the next century, the fastest-growing commercial aviation markets for passenger and cargo transport will be in Asia. Currently, Asia only accounts for 19 percent of the world's commercial aircraft, but by the year 2025, the figure will rise to 40 percent, and its air transport capacity is growing at a rate of 5 to 7 percent a year. This does not even take into consideration that Asia has become a thriving satellite communications and military aerospace market. It is estimated that within the next 15 years, the value of the global aerospace market will soar to \$600 billion, and the most important markets will be found in Asia. Naturally, competition in Asia's aerospace industry will heat up considerably in the future.

**The Weight of the Aerospace Market Has Shifted to Asia**

It is not that Taiwan does not have its own aerospace industry. Since the 1950's, Taiwan has slowly built up a low-level fringe aerospace industry based on airplane maintenance work. In the 1970's the Air Force's Aerospace Development Center and the United States' General Dynamics and others worked together and produced stripped-down helicopters for use by the military and the police as well as instruction jets and the F5E-series of fighters. Since then, it has had some success with its missile technology and has built the "Sky Bow" and Sky Arrow<sup>®</sup> and other classes of missiles. Working with General Dynamics, the IDF fighters which cost NT\$200 billion are no doubt an important touchstone for Taiwan's military aerospace industry.

But, overall, the IDF has been a miserable failure. Because of the existing military aerospace industry's very shaky foundation and the aerospace industry's lack of evaluation and appraisal capabilities, the IDF project has been riddled with flaws from the start, from the choice of engine to assessment of the plane's performance, and therefore the IDFs have had a series of mishaps ever since the first prototype was test-flown.

The IDF's problems have taught the Taiwan military and even the government the lesson that on its existing base, Taiwan not only can forget about setting foot in the future international aerospace market but it will be hard-pressed to satisfy its own minimal defense needs. If Taiwan is to develop its aerospace industry, it must make a "quantum leap in quality," that is, make an international purchase or merger or invest directly in a foreign aerospace company. Only in this way can it acquire the necessary aerospace technologies and even management skills. This decision was probably made at the end of 1990 after serious problems with the IDF fighters began to emerge, and the person who made this decision was the man in charge of Taiwan's military science and technology who was also responsible for research and development of the IDF—Huang Hsiao-tung [7806 1321 1350], former president of the Chungshan Institute of Science and Technology.

**Taiwan Government's New Awareness**

With this new decision, Taiwan Aerospace began to make plans at the end of 1990 and came up with an estimated \$200 million, which came to NT\$5.2 billion, in capital. The Executive Yuan set up an "Executive Yuan Development Fund" and appropriated NT\$1.248 billion, which entitled it to 24 percent interest in the company, making it its largest shareholder. The remaining shares have been bought by commercial banks and financial groups. However, because Taiwan Aerospace is but a startup company, its specific business scope and investment direction are yet unknown, and the actual amount of capital invested since its inception in June of last year is only one-quarter of the value of the subscribed stock, or NT\$1.3 billion.

But because the policy had been drawn up a long time ago, even though Taiwan Aerospace was formed only last year, it has been negotiating with major international aerospace companies long before the company actually came into being. Among the interested parties, the most important is the United States' McDonnell Douglas—it is made up of the McDonnell Corporation, which makes the F-15 Eagle fighters, the F-18 Hornet fighters, and the Tomahawk cruise missiles, and the Douglas Aircraft Company which makes the MD-80 mid-range and the MD-11 long-range passenger jetliners. It ranks 71st among the world's "500 Largest Companies" and is the world's 4th largest aerospace company behind Boeing, United Technology, and British Aerospace.

#### **Why Taiwan Aerospace Sets Sights on McDonnell Douglas?**

Taiwan Aerospace is interested in McDonnell Douglas for the following reasons:

1. McDonnell Douglas's commercial airplane sales has been slow in recent years. It not only trails far behind Boeing but is beginning to lag behind Europe's Airbus. Although in the year before last its sales still topped \$16.2 billion, yielding \$185 million in profit, its commercial airplane division showed a loss of \$177 million, and all signs pointed to further deterioration. Due to mounting losses, it was in dire need of capital to finance the research and development of its wide-bodied MD-12 commercial airplane which will be competing with Boeing's 777.

2. McDonnell Douglas is a major company in the U.S. defense industry, but world peace today has made it increasingly unlikely for the U.S. Government to increase military spending, and despite the fact that the U.S. budget still provides as much as \$291 billion in military spending this year—only slightly less than the average of \$300 billion budgeted by the previous administration—future military budget cuts will be much steeper. Amid all kinds of proposals, there are calls for the most modest trim to \$210 billion to the most drastic cut to \$179 billion over a seven-year period. Looking ahead into the future, McDonnell Douglas clearly must restore its commercial airplane division as soon as possible to ward off a serious crisis in both its military and commercial divisions simultaneously in the foreseeable future.

3. In developing its 777, Boeing is teaming up with Japan's Mitsubishi, Fuji, and Kawasaki and other heavy industrial companies. Together, these companies account for 21 percent share of the project. McDonnell Douglas can no longer hope to team up with Japan and must look for funds in Taiwan or South Korea. However, because earlier talks with South Korean on a military airplane deal had fallen through, Taiwan has become the only candidate.

#### **McDonnell Douglas's Mega Plan With Mainland China**

Since Taiwan Aerospace urgently needs a breakthrough in the aircraft industry and McDonnell Douglas is worrying about the lack of funds and losing ground in the future commercial airplane market, the two have a need for each other, and so talks of cooperation between the two which began early last year soon made rapid progress. In March, a memorandum was signed, and in May, June, and October, McDonnell Douglas's chairman made three separate visits to Taipei, and an official memorandum of understanding was signed in November of last year.

According to the terms in the memorandum, both sides agreed to sign a formal contract at the end of January of this year. The agreement stipulates that McDonnell Douglas releases some of its equity shares in its commercial airplane division and form a new company to be jointly owned by Taiwan. The total capital will be \$5 billion, with Taiwan contributing \$2 billion, giving it 40 percent interest. This company will focus on the development and building of the MD-12 wide-bodied passenger jetliners. It is anticipated that the first plane will be ready in 1997, with first year production set at 12 planes, increasing to 30 planes a year within the next three years. Each plane will be worth \$130 million. The new company's headquarters will be located in New York and will be in charge of production and sales. Taiwan will be responsible for fabrication of the fuselage and production of related parts and components. The planes will be assembled and inspected in McDonnell Douglas's C-17 transport plant in Long Beach, California.

Since news of this joint venture came out last November, there have been strong reactions internationally as well as in the United States and Taipei. To those in international aerospace industry, this represents the official entrance of United States' McDonnell Douglas in the Asian commercial airplane market. Currently, McDonnell Douglas is cooperating with mainland China's Ministry of Aerospace Industry to produce the mid-range MD-80 and long-range MD-11 passenger jetliners and will soon take part in mainland China's long-term special aviation plan known as the "China Arterial Airplane Program." This is a mega plan which calls for around 150 mid- to long-range passenger jetliners.

The strategic goal of McDonnell Douglas's joint venture with Taiwan while working with Mainland China is two-pronged: In the mid-term, it hopes to secure the commercial airplane market between the two shores after the "three exchanges" [exchange of mail, exchange of air and shipping services, and exchange through trade] are formalized as well as secure the mainland's coastal air transport market, and in the long-run, it hopes to secure China's entire inland air transport market. This no doubt is a forward-looking market strategy.

It was also for this reason that after news of the McDonnell Douglas deal came out, Taiwan suddenly gained

immense stature in the international aerospace industry. Aerospace companies of all sizes around the world want to team up with Taiwan, hoping that the joint venture will help them gain a foothold in Taiwan and Mainland China and even the whole of Asia one day.

### Protecting Taiwan's Investment Interests

However, no large-scale technological joint venture is without complications. The McDonnell Douglas deal is complicated by controversies on both sides.

In Taiwan, although Taiwan Aerospace is but a "shell" company, it in fact has the whole defense industrial complex behind it. Moreover, the company is chaired by a government-designated decisionmaker, and raising funds in the future of course is not going to be a problem. Therefore, although the company only has an office and does not have an industrial site or a plant or even employees, it is still being courted by many a foreign aerospace companies. Reportedly, once its investment and production plans are defined, personnel will be transferred from the military industrial sector or recruited from abroad.

But to the Taiwanese citizens, Taiwan Aerospace chairman Huang Hsiao-tsung's past performance when he was in charge of defense science and technology was at best mixed, and now he is in charge of a \$2 billion mega-investment project, and it is understandable that confidence in him is lacking. Since it has the Executive Yuan's support, however, unless there is a change of heart on the American side, the deal of course cannot fail. But the Taiwanese side must also consider the question of protecting its investment interests. Taiwan's \$2 billion cannot be used only to solve McDonnell Douglas's money problem; instead, it must ascertain its investment return: How viable is the MD-12 jetliner in the future commercial airliner market? Besides fabricating the fuselage and gaining other peripheral technologies, will this investment enable Taiwan to acquire other airplane design and manufacturing technologies that will benefit the development of its national defense and aerospace technology in the future?

It is exactly because of all these questions being raised that the Ministry of Economic Affairs has appointed Chao Yao-dong [6392 5069 2639], godfather in Taiwan's economic circles, to head an assessment subcommittee to appraise the situation. Because it is not easy to assess the aerospace industry, it will take six months to complete the task, and that is why formal signing of the contract, originally scheduled in the memorandum for the end of January, will be postponed.

These are complications that have grown out of various economic and industrial considerations, and from these, it is clear that someone has failed to cover all bases and do a thorough job before the memorandum was signed.

### The Political, "Anti-Hau" Complication

Besides the complications brought by economic and industrial concerns, there are also political complications. Currently, the "anti-Hau" drive—opposition to Executive Yuan's Premier Hau Pei-tsung—is a naturally recurring scene in Taiwan's Legislative Yuan. The Taiwan Aerospace deal is backed by Hau Pei-tsung, and it inevitably will be written into in the anti-Hau act. Secondly, in Taiwan, the power and interest struggles between Li [Teng-hui] and Hau have become a part of the political infrastructure. Hau controls the defense industrial complex and is backed by the state-run enterprises and such enterprise groups as Formosa Plastics, Yulong, and Hualong. His energetic promotion of Taiwan Aerospace signals his intention to stretch his influence over the aerospace industry.

But Evergreen Heavy Industry, a subsidiary of the pro-Lee Evergreen Group has also been eyeing the aerospace industry. It is not clear where this group gets its funds, but Evergreen Aviation has made a large purchase of 16 commercial jetliners and is planning to work with U.S. companies in the aerospace industry. Evergreen Heavy Industry and Taiwan Aerospace's conflict of interests is often played out in the halls of the Legislative Yuan. Two Legislative Yuan members who have close ties to the Evergreen Group are leading the fight against the Taiwan Aerospace-McDonnell Douglas deal.

Since the McDonnell Douglas deal is an unprecedented policy-oriented investment and is by nature very controversial, and adding the anti-Hau sentiment and the political struggle between the enterprise groups and other factors, a host of interesting but complicated questions have been raised, clouding this investment deal with uncertainties.

### Voices of Opposition in the United States

On the American side, as the recession drags on, protectionist sentiments are running high among congressional Democrats. The aerospace industry is the one industry in which the United States still has a lead. To the Americans, the sale of McDonnell Douglas's shares to Taiwan signifies the loss of the country's aerospace industry, too soon after losing its automobile industry. For this reason, 30 legislators, including Chairman Bingaman of the Defense Industry and Technology Subcommittee of the Senate Armed Services Committee, have signed a petition opposing the deal and demanded that the government investigate and reject the proposal in accordance with the Defense Production Act as amended by Congress earlier.

In the midst of these voices of opposition, Senator Daniel Inouye, chairman of U.S. Senate Appropriations Committee's Defense Subcommittee, and Senator Ted Stevens flew to Taipei on an investigative mission in January of this year. Because of congressional intervention, the deal has become highly politicized and made more complicated in the United States. But the aerospace industry nevertheless can prove very lucrative to

the rich Asian investors. Congressional opposition will not be sustained—the question is whether McDonnell Douglas can hold on.

Other voice of opposition is coming from McDonnell Douglas's 250,000-member labor union. The union's opposition is not because of the unemployment issue (the McDonnell Douglas deal actually will help stabilize employment), rather it is the sense of patriotism that some day they will be working for their Oriental bosses. This kind of opposition probably will not last either.

#### The Plan May Be Delayed

From these perspectives, the outcome of the McDonnell Douglas deal may ultimately hinge upon Taiwan. Taiwan Aerospace's main supporter is Hau Pei-tsun, and so long as his Executive Yuan premier seat is secure, this deal will hold up, but if his premier seat is in doubt, then everything will be up in the air. Currently, because there are so many uncertain factors, McDonnell Douglas has indicated that the whole plan may be put off for a while, and once delayed, the outcome of this deal may become even more unpredictable.

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